Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper R Paris, Saturday-Sunday, September 20-21, 1997 No. 35,631

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Will Europe Face Up To Coming Reality?

With Euro, Old-Style Welfare Won't Do

By Roger Cohen
New York Times Service

BENEVENTO, Italy — At the end of a dim corridor full of yellowing files spilling their forgotten contents onto dusty shelves sits Dr. Mario Maddaloni, the state's inquisitor in this depressed southern town.

His mission is to cut the waste from welfare, saving the government money by rooting out phony invalids. The disabled of Benevento account for an astonishing 21 percent of the population. The culture of dependency is deep-rooted. But if Italy is to balance its budget and qualify for the euro, that culture has to change.

Dr. Maddaloni has already interviewed about 800 local invalids. Of these, more than half were found to be making false claims and lost their benefits. It was wrenching work, the doctor said, because many of the people coming to the office needed the disability pensions to get by.

"But we have to do this," he said. "As long as we waste public money,

Second of two articles

we will pay more taxes. And Italy will get left behind — a car with a beautiful wheels, a nice paint job and a lousy engine."

Throughout Europe, the euro, like globalization, has proved unforgiving of the inefficiencies of what Germans call the *Vaterstaat* — the consoling father-state, always there when needed. It is forcing a radical reconsideration of the model of European society — one that is treacherous politically because it has been decreed by central bankers rather than demanded by voters.

The euro requires countries to cut their budget deficits to 3 percent of total output this year if they are to join the new European currency at its scheduled outset on Jan. 1, 1999. That can be achieved only through cutbacks in the Continent's welfare state. Italy's budget deficit stood at 12 percent as recently as 1992.

The euro is shaking Europe like a massive electric shock, pushing states to reexamine their role in the economy.

Even in countries whose public finances were less messy than Italy's, the euro is posing a basic question: How much of the welfare state should be sacrificed for it? If European nations give radically different answers, tensions will jolt the single-currency zone.

In France and Germany — where unemployment is 12.5 percent and 11.6 percent, respectively, and the German rate is a postwar record for the country — the debate on how to shift from the expensive subsidizing of inactivity to stimulating jobs is already politically explosive.

If welfare reform is pushed too hard, there could be social upheaval as there was in France in December 1995, when transport workers virtually shut down Paris to protests against proposed changes in the social-security system.

The debate is particularly volatile because it is envenomed by a sense that Europe's social model is under assault from a more vigorous United States.

As Jacques Chirac, the French president, made clear by declining to don cowboy boots at the meeting of leading industrial nations in Denver in July, he does not want to be an extra in President Bill Clinton's global theme park.

"We have our model," Mr. Chirac said, "and we plan to stick to it."

But is that model compatible with the euro? France has advanced social protection but also record unemployment, high taxes, labor-market rigidity, low growth and a rapidly aging population.

It, and countries like it, will almost certainly find the small budget deficit demanded by the euro's fiscal discipline difficult to sustain.

It is also likely to need different monetary policies from states that have chosen to sacrifice some social security for jobs and faster growth.

"If countries give radically different answers to the challenge of reforming the welfare state," said Hans Tietmeyer, president of the German Bundesbank, "we are going to have problems in the euro zone."

In Britain, for example, social-security spending accounts for about 13 percent of total output, compared with 20 percent in Italy and 23 percent in France. Britain seems set on a radically different course from its Continental neighbors, a course that borrows much from the American conviction that reduced taxation, deregulation, labor-market flexibility

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John Gibat/Agence France-Presse

Prince Charles showing his basketball skills Friday at a Salvation Army gymnasium in Manchester, where he spoke about the impact of Diana's death. It was his first official engagement since the tragedy. Page 4.

A Blank on Diana's Crash

Bodyguard Recalls Driver as 'Perfectly Fine'

By Craig R. Whitney
New York Times Service

PARIS — The sole survivor of the high-speed automobile crash that killed Diana, Princess of Wales, three weeks ago told French investigators on Friday that he remembered nothing about the accident, an official close to the investigation said.

But Trevor Rees Jones, a 29-year-old former British paratrooper who worked for the family of Dodi al Fayed, the escort who was killed with the princess, said that their French driver, found legally drunk after his death in the crash, seemed "perfectly fine" before he took the wheel at about 12:20 A.M. on Aug. 31.

Mr. Rees Jones was seated in the right front seat of the Mercedes S280 limousine beside the driver when he lost control at an estimated 145 kilometers an hour (90 mph) while trying to outrun paparazzi photographers on motorcycles.

When the car smashed into a concrete support pillar of a road tunnel, the bodyguard suffered severe head and facial injuries and underwent a 10-hour operation two weeks ago to reconstruct his jaw.

Judge Herve Stephan, in charge of the investigation, has told nine photographers and a motorcycle driver who were at the accident scene that they are under suspicion of having contributed to the causes of the accident.

Because Mr. Rees Jones's injuries were so severe, Friday was the first time the judge questioned him as a witness. The judge interviewed him for about a

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New China Lineup Sets Up Succession

Party Hierarchy Includes A Prime Minister in Waiting

By Seth Faison
New York Times Service

BEIJING — China's top leadership announced a new hierarchy Friday, revealing a freshly tuned balance of power that favors President Jiang Zemin.

A day after closing the Communist Party congress, and ousting a principal rival and several lesser ones, Mr. Jiang presided over the first meeting of a newly named central committee.

When it ended shortly before noon, a new lineup of the party's top seven members walked out in front of the Chinese and foreign media, ending months of intense speculation here about who would rise to, and fall from, the crest of power.

As they emerged under bright television lights, attention focused on the third man in line, Deputy Prime Minister Zhu Rongji. His new ranking virtually confirmed that he will become prime minister when the term of the incumbent, Li Peng, expires in March.

Mr. Zhu is known as a highly capable, independent-minded manager, who has carefully allied himself with Mr. Jiang though, interestingly, their relationship falls outside the patron-servant role most common in high-level Chinese politics.

Many political cognoscente in Beijing believe that Mr. Jiang promoted his prime minister-to-be as a "Mr. No" who can execute politically unpopular decisions while Mr. Jiang remains above the fray, particularly in the crisis-ridden arena of economic reform.

Mr. Zhu is as popular with foreign businessmen, who appreciate his direct and problem-solving approach, as he is unpopular with Chinese provincial leaders and company heads, who hate the way he has enforced a tight-credit policy in recent years by denying the kinds of subsidies that many were accustomed to.

In the new lineup, the most notable absence was Qiao Shi, the head of the Chinese Parliament, who sat at Mr. Jiang's right only a day earlier at the closing session of the congress. After 10 years in the top rung of Chinese politics, his No. 3 ranking evaporated in a day.

Leading the Parliament, or National People's Congress, Mr. Qiao often spoke about the need for a rule of law in China. Yet those hoping he would be a force for greater reform were continually disappointed, because like other leaders he seemed more concerned about clinging to power than about policy.

The other notable absence was of anyone in military uniform among the party's top seven members, who make up the Politburo's standing committee.

One of those edged aside by Mr. Jiang was General Liu Huaqing, and it had been widely expected that he would be replaced by another general. Instead, two military leaders allied with Mr. Jiang were elevated to the 19-member Politburo — General Zhang Wanmian and Defense Minister Chi Haotian.

A new Central Military Commission, of which Mr. Jiang remains chairman, replaced two deputy chairman, General Liu and General Zhang Zhen, with General Zhang and General Chi. General Zhang was also given a key position on the five-member party Secretariat, the office that administers party matters.

The two new members in the Politburo's top seven are Wei Jianxing, 62,

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Heavy Smog In Malaysia Puts Outside Off-Limits

By Thomas Fuller
Special to the Herald Tribune

KUALA LUMPUR — Malaysia declared a state of emergency in the eastern state of Sarawak on Friday as smog that has blanketed the region for several weeks reached hazardous levels.

Sarawak's schools, businesses and factories were ordered to close and flights from peninsular Malaysia were canceled.

Urban and industrial pollution mixed with smoke from Indonesian forest and bush fires has left many countries in Southeast Asia under a thick haze that environmentalists say is the worst in decades. Residents of many cities have not seen the sun for days and Singapore had its worst air-quality reading of the year on Thursday.

"Outdoor activities must be stopped," Sarawak's chief minister, Abdul Taib Mahmud, said in a radio statement.

Hospitals and food stores were allowed to stay open, and Information Minister Mohamed Rahmat assured the people that they would not be arrested if they went outdoors.

"If people have to go out, we suggest they should wear masks for their own safety and good health," he said.

The state, on the island of Borneo, has nearly 2 million residents. Reports from Kuching, the state capital, described a largely deserted city, as residents stayed

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David Loh/Reuters

A Kuala Lumpur pupil at school Friday, masked for protection.

Jospin Accepts Central Bank

France and Germany Forge United Front at Weimar

By John Schmid
International Herald Tribune

WEIMAR, Germany — Setting aside their recent diplomatic skirmishes, French and German leaders ended a two-day summit meeting Friday by presenting a united front on an array of issues ranging from unemployment and monetary union to Europe's future central bank.

Chancellor Helmut Kohl of Germany and President Jacques Chirac of France said they agreed that the single European currency must move ahead. They also agreed on an independent role for the central bank, on the need to restructure the four-nation Airbus Industrie aircraft manufacturing consortium and on heightened cooperation in telecommunications.

The meeting was the first high-level display of unity since the Socialist-led government came to power in Paris in May. That election led to an ideological clash with the conservative government in Bonn and damaged confidence that the two allies could unite Europe behind a common currency.

Indeed, in a remarkable turnaround here, Prime Minister Lionel Jospin of France conceded that Europe's future central bank should operate entirely independently of a "European council" that his Socialist Party had demanded be created to monitor monetary policy.

"The European Central Bank, when it exists, will be independent," Mr. Jospin said. "We have integrated the idea of an independent central bank, which was not familiar to us, into France's economic and political culture." He added: "We have to stop linking this issue."

French demands for such a council had alarmed Bonn, which wants the new bank to be as independent as Germany's Bundesbank.

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Welsh Back Home Rule, but It's Close

By Tom Buerkle
International Herald Tribune

LONDON — Prime Minister Tony Blair vowed Friday to press ahead with plans to give Wales its first assembly in nearly 600 years, but a razor-thin margin in the Welsh referendum cast serious doubt on the government's program of decentralizing political power across Britain.

Fewer than half of Welsh voters bothered to turn out for Thursday's ballot, and the margin of victory was less than 7,000 votes out of 1.1 million cast.

The result was a far cry from the 3-to-1 vote in Scotland last week in favor of a regional Parliament there. It suggested that Mr. Blair's vision of devolving power from the national government in London to regional and local bodies — a centerpiece of Labour's agenda for modernizing the country and making government more accountable — has not fired the imaginations of Britons in general. William Hague, leader of the opposition Conservative Party, called the result a "very stark warning" to the government. The Conservatives have argued that Scottish and Welsh devolution were the first steps down a dangerous route that could lead to the break-up of the United Kingdom.

Mr. Blair said he would not be deterred by the narrow margin, insisting that the people of Wales "have had their say and they have voted in favor of it."

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The Dollar		
New York	Friday @ 4 P.M.	previous close
DM	1.7753	1.7796
Pound	1.6115	1.6115
Yen	122.25	121.935
FF	5.9635	5.9775

The Dow		
	Friday close	previous close
-5.45	7917.27	7922.72

S&P 500		
change	Friday @ 4 P.M.	previous close
+3.21	950.50	947.29

Newsstand Prices			
Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Dm
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

AGENDA

Rough Farewell For a U.S. Envoy

Gun-toting Nigerian police officers disrupted a party by pro-democracy advocates to honor Walter Carrington, who is leaving the Foreign Service to take a post at Harvard. The envoy has been a thorn in the side of the military regime that seized power in 1993, criticizing human rights abuses. The police were said to have broken down doors to get into the room where the party was held. "You need not apologize," the ambassador told his embarrassed hosts. "I salute your courage." Page 5.

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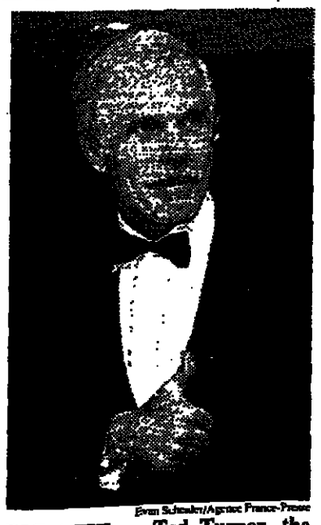

Evan Schneider/Agence France-Presse

BIG GIFT — Ted Turner, the founder of CNN, said in New York that he would give $1 billion to the United Nations. Page 2.

U.S. Jews Endorse Pressure on Israel

Several Leaders Back Albright's Tough Stance on Netanyahu's Moves

By Caryle Murphy
Washington Post Service

WASHINGTON — Secretary of State Madeleine Albright had an enthusiastic source of domestic support when she struck a tough balance in Israel last week, demanding that Palestinians crack down on terrorism and that Israelis halt "provocative" unilateral acts that jeopardize peace talks.

These boosters of Mrs. Albright are prominent mainstream American Jewish leaders who have begun publicly to signal their frustration with the policies of Prime Minister Benjamin Netanyahu of Israel that they consider partly responsible for the breakdown in the peace process.

The Jewish leaders are urging President Bill Clinton's administration to adopt a more activist role in dealing with both sides. They have concluded that a more muscular U.S. role, even if it involves pressure on Israel, is necessary to revive negotiations over implementing the 1993 Oslo accords on peace between Israel and the Palestinians, several of them said in recent interviews.

They said they had asked the administration, in private meetings and public letters, to use its influence with Israel to discourage one-sided actions that damaged the climate for peace, such as expanding settlements in the West Bank and building Jewish homes in East Jerusalem.

They also have urged Washington to make it clear to Israel that the United States has other interests in the Middle East, such as the flow of oil and the stability of friendly Arab governments, all of which are being harmed by the lack of progress on the Oslo peace process.

Several of these leaders said they were pleased by Mrs. Albright's blunt approach during her first trip to the region as secretary of state, in which she said she aimed to provide both Israelis and Palestinians with a "reality check."

"I'm very happy from what I read in the paper that Madeleine Albright did what I hoped she would do," said Theodore Mann, a former chairman of the Conference of Presidents of Major American Jewish Organizations. That, he said, was to emphasize not only the obligation of the Palestinian leader, Yasser Arafat, to give "100 percent effort on the security issue" but also the fact that "there isn't going to be a peace process with unilateral actions by Netanyahu."

Rabbi Eric Yoffie, president of the Union of American Hebrew Congregations, which represents 1.5 million Reform Jews in the United States, said he thought Mrs. Albright had struck a good balance.

"It was absolutely essential for the U.S. president's representative to make clear there would be no bending" the issue of terrorism," Mr. Yoffie said. In that context, he said, the rest of Mrs. Albright's statements also were appropriate because "she was pointing out to the government of Israel that what they do is also important" and that the peace process

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Warsaw's Order for Israeli Weapons Steams Washington

By Jane Perlez
New York Times Service

WARSAW — Two months after Poland was invited to join NATO, the government here has found itself in an embarrassing storm over its plan to choose a $700 million Israeli weapons deal, even though an American offer from Boeing would be more compatible with Poland's new Western allies.

After a sharp rebuke from the American ambassador to Poland and a threat by opposition parties to start criminal investigations into why government leaders preferred the Israeli bid, President Aleksander Kwasniewski put the deal on hold last week until after parliamentary elections Sunday.

Among the reasons Polish officials gave for preferring the Israeli option was the argument that the American-Jewish community would look favorably on the Poles buying Israeli, according to U.S. and Polish officials familiar with the negotiations.

The Polish government, dominated by former Communists, has been sensitive about accusations of anti-Semitism in Poland and has made special efforts through meetings with Jewish groups in the United States in the past year to improve Poland's image.

Israel, according to these officials, has sought to play on these sensitivities during the weapons negotiations.

The Israelis had suggested that as the vote on NATO expansion approaches in the Senate next year, Jewish senators would be more favorably inclined toward Poland if its military bought Israeli weapons, U.S. officials said.

The chairman of the Polish parliamentary defense committee, Jerzy Szmajdzinski, who had made his preference for the Israeli deal clear, said in Warsaw earlier this year, "Don't you believe that the American Jewish community has just as large an influence over our entry into NATO" as American politicians, he asked.

A former Polish defense minister and a current member of the parliamentary defense committee, Janusz Onyskiewicz, said in an interview that when he questioned government officials about why all of the deal had to go to the Israelis and why some of it couldn't be bought from the Americans, he was told, "But we must take into account the negative results if we break with Israel and what that would do to our interests in the United States."

Mr. Onyskiewicz said he was left with the clear message that not taking the Israeli offer would hurt Poland in the Jewish community in the United States. Playing the so-called Jewish card, was just one of many problems — including the secrecy surrounding the negotiations — with the deal, the former defense minister said.

The weapons deal, which is the first that the Poles have contemplated since the Warsaw Pact crumbled and they switched sides to join NATO, involves $500 million of anti-tank missiles for Polish-made attack helicopters and $200 million for accompanying avionics. The Israelis are offering a new technology in their NT-D missile produced by the state-owned Rafael plant. Boeing Corp. is offering the Hellfire missile, which is described as compatible with all NATO equipment.

The weapons purchase represented an important test for Poland as it approached NATO membership: Could it negotiate a "transparent" arms contract to Western standards. In this test, Western diplomats said, Poland had failed. Poland's national security adviser, Marek Siwiec, one of President Kwasniewski's closest confidants, acknowledged in an interview Friday that the tender was a "big mess."

He called the process a "semi-tender."

"I understand the American companies can have the impression this tender was done without clear criteria," he said. He added that before the delayed decision was finally announced the criteria for selection would be published in the newspapers.

On the political impact of buying Israeli or American, Mr. Siwiec said: "Some consider the political argument can be made in favor of Israel, some in favor of the Americans. From my point of view it will be a military decision."

The argument by the Poles that they should buy Israeli because it would help their standing among U.S. Jews was one of many unusual elements in the tortured negotiations, diplomats said.

Other problems included allowing the Israelis to fine-tune their bid for the avionics while the Boeing-led consortium was not allowed to do so.

"It looked as though the Poles were using us a stalking horse," a Western official said.

The degree of Polish industrial participation in the two offers — as an enticement, both the Israelis and the Americans had pledged to produce some of the avionics in Poland — was never costed out, Western officials said.

Further, the Poles had apparently decided, the officials said, to break a public pledge that the purchase of the rockets and the purchase of the avionics would be treated as separate bids.

Essentially, American diplomats — though not Boeing — were content with a compromise, Western diplomats said.

The compromise would have allowed the Poles to buy the Israeli rockets — as they announced their intention of doing last year. And it would have given the Boeing consortium a fair shot at competing for the $200 million of avionics.

BRIEFLY

Russians Vote Again For Religious Curbs

MOSCOW — Russian lawmakers approved on Friday the revised draft of a controversial bill restraining religion.

Opponents say the bill is still discriminatory by defining acceptable faiths and violates the Constitution adopted after the fall of communism.

The bill, whose original draft was vetoed by President Boris Yeltsin after drawing the ire of human rights activists, the U.S. Senate and the Vatican, was backed a vote of 358 to 6 in the State Duma, the lower house of Parliament.

The draft law must clear the upper chamber, or Federation Council, before going again to Mr. Yeltsin. *(Reuters)*

Turks Warn Cypriots

ANKARA — Prime Minister Mesut Yilmaz said Friday that Turkey was working on measures against a planned deployment of anti-aircraft missiles by Greek Cypriots.

"We are working on precautionary measures," Mr. Yilmaz said after a meeting of key cabinet members and military leaders. He gave no more details of any planned action.

The Cypriot government this year announced plans to buy S-300 surface-to-air missiles from Russia.

Turkey has kept about 30,000 troops in the north of Cyprus since invading in 1974 in response to a Greek Cypriot coup in Nicosia. *(Reuters)*

New Unionist Tactic

BELFAST — Northern Ireland's largest Protestant party, the Ulster Unionists, will join Sinn Fein, the political wing of the Irish Republican Army, in peace talks Tuesday, party insiders said on Friday.

The Ulster Unionists will explain their presence, the source said, by demanding that Sinn Fein be expelled from the talks because of a bomb explosion Tuesday in Markethill. All five unionist parties have forsworn sitting down at the same table as Sinn Fein, which was allowed into talks after the IRA called a cease-fire July 20. *(AFP)*

For the Record

The European Parliament approved a plan Friday to promote beef consumption, which has dived since the announcement last year of a possible link between "mad cow" disease and the human form, Creutzfeldt Jakob disease. *(Reuters)*

Turner Will Donate $1 Billion to UN

Founder of CNN Earmarks Causes

By David Rohde
New York Times Service

NEW YORK — Ted Turner, the billionaire founder of Cable News Network, who has made a career out of defying expectations and shocking the public, has announced that he is making one of the largest single charitable donations ever: $1 billion to benefit the United Nations.

Stunning a black-tie audience of diplomats and dignitaries at the annual United Nations Association dinner on Thursday night in Manhattan, Mr. Turner said the gift would establish a nonprofit foundation to benefit programs aiding refugees and children, clearing land mines and fighting disease.

In a speech laced with the brashness that is his trademark, Mr. Turner said the gift, to be given over 10 years, represented just the increase in his net worth since the beginning of this year, and he called on other wealthy business people to follow his example.

He also urged the U.S. government to pay the $1.5 billion it owes in back dues to the United Nations — an issue that has become a political lightning rod among critics of the organization.

In an interview on CNN after the announcement, Mr. Turner, 58, said it was a "spur of the moment" idea. He said he had always been drawn to the United Nation's ideals: "I always liked the idea — one for all, all for one."

Mr. Turner became vice chairman of Time Warner, the giant communications company, last year when it merged with his Turner Broadcasting.

Ed Adler, a spokesman for Time Warner, said Mr. Turner's gift would be in stock.

UN officials had little advance notice of the gift, and could provide few specifics on how it might be used.

Secretary-General Kofi Annan called the donation "noble and extraordinary." As for how it would be spent, he added: "That's something I'll be working on with him."

Fred Eckhard, a UN spokesman, said Mr. Turner had met with Mr. Annan on Thursday afternoon and told him he was thinking of making the donation. The $1 billion gift roughly equals the organization's annual budget.

The gift is certainly among the largest single donations ever. By way of comparison, all charitable giving by Americans in 1996 was estimated at about $119 billion, according to Giving U.S.A., an annual report.

A UN official who insisted he not be named said Mr. Turner had suggested to Mr. Annan that the General Assembly or a special committee decide how the money should be spent.

Mr. Turner said in the CNN interview that the donation represented what he would have earned in interest over the years from his $3 billion in holdings. "I'm no poorer than I was nine months ago, and the world is much better off."

In his speech, he said, "I'm just about to go on the Forbes 400, the top 25, and I'm going to push myself down the list," a reference to Forbes magazine's listing of the wealthiest people.

Mr. Turner said his net worth was $2.2 billion on Jan. 1, but had since grown to $3.2 billion. "All I'm giving away with this billion dollars is my nine months' work," he said.

He noted that the money would not be spent on UN administration. For that, he said, "the U.S. has still got to pay up what it owes."

Mr. Eckhard of the United Nations said Mr. Annan had been trying to reach out to the private sector for donations and had met with Mr. Turner in the past.

"This is the first time it has paid off," he said.

Mr. Turner, who also owns the Atlanta Braves, has been devoting more of his time to his charity, the Turner Foundation. Referring by name to Bill Gates, the founder of Microsoft Corp., Mr. Turner called on other wealthy Americans to follow his lead.

"There's a lot of people who are awash in money they don't know what to do with," he said in the CNN interview. "It doesn't do you any good if you don't know what to do with it.

"I have learned — the more good that I did, the more money comes in. You have to learn to give. You're not born as a giver. You're born selfish."

Foundation heads reacted with amazement to the announcement.

Leslie Gelb, president of the Council on Foreign Relations in New York and a longtime champion of paying off the huge American debt to the United Nations, said: "That is probably the single, most dramatic, weird gift I've ever heard of."

Vartan Gregorian, president of the Carnegie Corporation of New York and a former president of Brown University, said he believed Mr. Turner's gift was the largest single donation ever made.

Mr. Gregorian, who attended the dinner Thursday night, said Mr. Turner had approached him and John Whitehead, a former deputy secretary of state who is now chairman of the UN Association of the U.S.A., during the cocktail hour and asked him playfully what was the largest single charitable gift ever made. Mr. Gregorian replied that he did not know offhand. Mr. Turner then told them he was going to announce his billion-dollar gift. "Isn't that the largest?" Mr. Gregorian quoted him as asking.

Marko Djurica/Reuters

A policeman standing amid the debris Friday in Mostar. The car bomb exploded near a police station in the Croat-controlled sector of the town.

Car-Bombing Wounds 50 in Mostar

Compiled by Our Staff From Dispatches

MOSTAR, Bosnia-Herzegovina — A car bomb exploded near a police station in the Croat-controlled western half of bitterly divided Mostar, wounding 50 people, officials said Friday.

It was the worst explosion anywhere in Bosnia since the Dayton peace accords ended a three-and-a-half-year civil war in 1995.

The bomb went off at 11:40 P.M. Thursday outside a police station in the western part of town amid political tensions between the Muslim and Croat communities that share the divided town in southern Bosnia.

Soldiers with the NATO-led peace force helped evacuate the wounded and transported one seriously injured person to a hospital in Split, in neighboring Croatia.

Debris from buildings and parked cars, as well as upturned earth, was spread over an area of at least 200 square meters (240 square yards).

Tensions had been running high in Mostar since Croatian leaders came close to boycotting municipal elections held last weekend.

Hard-liners on both sides have opposed Mostar's joint police force, a sign of the desire of some in the town to forget the divisions created by 10 months of warfare between Muslims and Croats in 1993 and 1994.

Muslim leaders expressed anger this past week when Croatian officials indicated they might go ahead with the unification of three predominantly Croatian districts in western Mostar. The Croats had promised earlier to drop plans to unify the districts.

■ Elections in Serbia on Sunday

Citizens of Serbia will vote Sunday for a president and Parliament in the fourth elections since a multiparty system was introduced in the republic in 1990, Reuters reported from Belgrade.

Slobodan Milosevic's Socialist Party of Serbia is expected to emerge from the elections with its grip intact on both the presidency and Parliament.

Mr. Milosevic was barred by the constitution from seeking a third term as president of Serbia, and he has transferred himself to the presidency of Yugoslavia. Mr. Milosevic is represented in the election Sunday by a proxy, Zoran Lilic, whom he replaced as federal president.

There will be a runoff for the presidency, probably on Oct. 5, if none of the 17 candidates gets a majority in the first round Sunday.

Opinion polls indicate that Mr. Lilic can expect significant opposition from only two of the other presidential contenders. *(AP, Reuters)*

TRAVEL UPDATE

Shroud of Turin Cathedral to Open

TURIN (Reuters) — The Renaissance cathedral housing the Shroud of Turin, one of Catholicism's most revered but controversial relics, will reopen in November after being damaged in a fire April 12.

Giuseppe Forlani, head of a government commission overseeing reconstruction of the cathedral and the chapel that housed the shroud, said the main part of the church would be ready to receive the public by the end of November.

It was unclear whether the chapel would be rebuilt in time for a public exhibition of the world-famous relic next year.

A hurricane kicked up dangerous surf along 600 miles of Mexico's Pacific coast Friday, swirling winds to 105 miles an hour and dumping heavy rain on the state of Guerrero. *(AP)*

Romania Investment Summit

Athenée Palace Bucharest Hilton
October 29-30, 1997

President Emil Constantinescu will give the opening keynote address of the summit. He will also host a special dinner for speakers, delegates and guests on the evening of October 29 at Cotroceni Palace.

The fact that President Constantinescu has agreed to support this summit as an integral part of the Romanian government's efforts to attract foreign investment, is a measure of the importance of the summit.

If you are interested in investing in Romania, the IHT's Romania Investment Summit will give you valuable insights and an inside edge.

For full program details, please contact:
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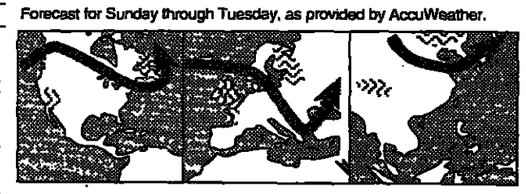
WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Much cooler weather will move into the Northeast Sunday and Monday, but it should be milder by Tuesday. After a few chilly days in the Upper Midwest, it will warm up early next week, followed by some thunderstorms Tuesday. Hot in the Southwest.

Europe
Sunny and mild in the United Kingdom Sunday through Tuesday. Chilly in Germany and Poland Sunday, but becoming milder Monday and Tuesday. Warm weather will prevail across southern Europe with a mix of clouds and sun, but a few showers will dampen parts of Spain and Portugal.

Asia
Mostly sunny in Shanghai Sunday through Tuesday. Cool in Beijing and Seoul Sunday, but becoming milder by Tuesday. Warm and humid in Hong Kong with a couple of showers. Muggy in Tokyo Sunday and Monday with a shower or two, then partly to mostly sunny Tuesday.

Europe

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Algarve	24/75	15/59	c	24/75	16/61	s
Amsterdam	16/59	8/46	s	18/64	12/53	pc
Ankara	24/75	9/48	sh	20/68	9/32	pc
Athens	28/77	17/62	s	26/77	14/57	pc
Barcelona	23/73	15/59	pc	22/71	15/59	pc
Belgrade	19/66	4/39	pc	17/62	7/44	s
Berlin	19/59	9/48	s	17/63	12/53	s
Brussels	17/62	9/48	s	19/66	12/53	pc
Budapest	17/62	4/39	s	17/62	8/46	s
Copenhagen	13/55	8/46	c	17/62	11/52	s
Costa Del Sol	24/75	16/61	pc	24/75	16/61	pc
Dublin	17/62	12/53	r	19/66	12/53	pc
Edinburgh	17/63	10/50	pc	18/66	11/52	pc
Florence	26/79	13/55	s	23/73	12/53	c
Frankfurt	14/57	5/41	pc	17/62	8/46	s
Geneva	22/71	11/52	pc	19/66	9/48	pc
Helsinki	9/48	4/39	r	9/48	4/39	pc
Istanbul	29/77	13/55	pc	22/71	13/55	pc
Kiev	12/53	2/35	c	12/53	4/39	pc
Las Palmas	29/84	22/71	pc	27/80	21/70	pc
Lisbon	21/70	14/57	c	22/71	14/57	pc
London	19/66	13/55	pc	20/68	11/52	pc
Madrid	29/84	14/57	pc	28/82	13/55	pc
Mallorca	26/79	14/57	pc	25/77	15/59	c
Milan	28/79	13/55	s	26/71	12/53	c
Moscow	12/53	3/37	pc	9/48	3/37	pc
Munich	16/61	6/43	pc	18/64	7/44	sh
Nice	26/79	16/61	s	23/71	15/59	pc
Oslo	12/53	7/44	s	17/62	4/39	s
Paris	20/68	11/52	pc	18/64	10/50	pc
Prague	14/57	3/37	s	16/61	9/48	pc
Reykjavik	12/53	8/46	sh	13/55	11/52	c
Riga	11/52	7/44	r	13/63	8/46	pc
Rome	27/80	14/57	pc	23/73	14/57	pc
St. Petersburg	10/50	6/43	c	9/48	6/43	c
Stockholm	11/52	5/41	c	14/57	8/46	s
Strasbourg	20/68	8/46	s	21/70	10/50	sh
Tallinn	9/48	7/44	sh	11/52	7/44	c
Tbilisi	28/82	17/62	pc	27/80	14/57	pc
Venice	23/73	11/52	pc	20/68	12/53	c
Vienna	19/61	9/48	pc	18/61	12/53	pc
Warsaw	14/57	5/41	s	11/52	5/41	s
Zurich	19/66	11/52	pc	20/68	10/50	pc

Middle East

Abu Dhabi	42/107	24/75	s	41/106	24/75	s
Beirut	27/80	23/71	pc	25/77	19/66	pc
Cairo	34/93	18/64	pc	29/84	18/61	pc
Damascus	29/84	11/52	s	28/79	11/52	pc
Jerusalem	25/77	13/55	s	24/75	12/53	pc
Luxor	37/98	16/61	s	37/98	18/64	s
Riyadh	41/106	23/71	s	39/102	24/75	pc

North America

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Anchorage	11/52	6/43	sh	12/53	9/48	sh
Atlanta	33/91	20/68	s	26/79	13/55	pc
Boston	28/79	12/53	t	17/62	7/44	sh
Chicago	18/64	9/48	pc	13/55	4/39	pc
Dallas	32/89	18/64	t	23/73	8/46	pc
Denver	13/55	4/39	sh	18/64	4/39	pc
Detroit	18/64	7/44	sh	14/57	3/37	pc
Honolulu	29/84	23/71	c	31/88	23/73	pc
Houston	33/91	23/68	pc	26/79	12/53	sh
Los Angeles	30/86	17/62	s	31/88	18/64	pc
Miami	32/89	24/75	pc	31/88	25/77	sh
Minneapolis	13/55	4/39	pc	15/59	4/39	s
Montreal	18/64	3/37	sh	11/52	2/35	pc
Nassau	31/88	24/75	r	31/88	24/75	pc
New York	29/84	18/61	t	19/66	11/52	sh
Orlando	33/91	22/71	s	32/89	23/71	pc
Phoenix	38/100	23/73	s	38/37	23/73	s
San Fran.	27/80	13/55	s	26/79	14/57	s
Seattle	23/73	11/52	s	24/75	13/55	s
Toronto	18/64	0/32	t	13/53	1/34	pc
Vancouver	20/68	12/53	s	23/73	16/61	sh
Washington	31/88	18/61	pc	20/68	11/52	pc

Asia

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Almaty	26/79	12/53	s	21/70	10/50	c
Bali	31/88	19/66	s	30/86	23/71	t
Bangkok	29/84	23/73	t	32/89	25/77	c
Beijing	20/68	8/46	s	21/70	11/52	s
Bombay	29/84	22/71	sh	29/84	23/73	c
Calcutta	31/88	23/73	pc	31/88	24/75	pc
Chiang Mai	31/88	21/70	c	29/84	22/71	sh
Colombo	28/82	24/75	r	28/82	24/75	c
Hanoi	30/86	22/71	r	28/79	23/73	r
Ho Chi Minh	30/86	23/73	t	31/88	25/77	s
Hong Kong	26/79	24/75	r	27/80	25/73	c
Islamabad	39/102	21/70	s	37/98	18/64	t
Jakarta	31/88	22/71	s	31/88	23/73	pc
Karachi	33/91	23/73	s	32/89	23/73	s
K. Lumpur	31/88	23/71	c	31/88	24/75	s
K. Kinabalu	29/84	22/71	c	31/88	24/75	pc
Manila	30/86	23/73	r	31/88	24/75	pc
New Delhi	36/97	23/73	s	33/91	21/70	sh
Phnom Penh	28/82	23/73	r	29/84	24/75	t
Phuket	29/84	23/73	r	30/86	25/77	c
Rangoon	30/86	23/73	c	29/84	23/73	c
Seoul	23/73	14/57	c	21/70	10/50	pc
Shanghai	23/73	17/62	pc	22/71	16/61	pc
Singapore	30/86	21/70	pc	31/88	23/73	pc
Taipei	27/80	21/70	pc	27/80	22/71	c
Tokyo	24/75	20/68	s	27/80	23/73	c
Vientiane	29/84	21/70	sh	29/84	22/71	sh

Africa

Algiers	29/84	17/62	pc	28/82	17/62	pc
Cape Town	18/64	8/46	s	23/73	14/57	pc
Casablanca	23/73	15/59	s	22/71	16/61	pc
Harare	19/66	12/53	r	22/71	11/52	c
Lagos	29/84	23/73	c	29/84	24/75	c
Nairobi	29/84	11/52	pc	26/82	13/55	pc
Tunis	29/84	19/66	s	28/82	18/64	c

Latin America

Buenos Aires	23/73	14/57	pc	25/77	13/53	s
Caracas	29/84	22/71	c	31/88	22/71	pc
Lima	21/70	17/62	pc	22/71	18/64	pc
Mexico City	19/66	12/53	c	23/73	12/53	pc
Rio de Janeiro	28/73	18/64	pc	24/75	18/64	pc
Santiago	23/73	7/44	pc	25/77	7/44	s

Oceania

Auckland	13/55	7/44	pc	14/57	9/48	s
Sydney	23/73	13/55	pc	21/70	12/53	pc

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3 Top Teamster Aides Plead Guilty

Probe of Union Chief Found Fund-Raising Link to Democrats

By Steven Greenhouse
New York Times Service

NEW YORK — Three top campaign aides to the Teamsters president, Ron Carey, have pleaded guilty to funneling illegal contributions to his re-election drive as part of a broad scheme that they said involved officials of the Democratic Party and President Bill Clinton's re-election campaign, and included improper cash payments by leaders of other major labor unions.

In pleading guilty Thursday in federal court in Manhattan to fraud and conspiracy charges, Mr. Carey's campaign manager and two campaign consultants provided new details of a frenetic fund-raising effort that included a questionable $150,000 donation by the AFL-CIO.

They also described a bond between the Teamsters and the Democratic Party, including allegations that Teamsters planned to contribute large sums to the party in exchange for having an unidentified foreign citizen who was going to donate to the party give $100,000 to the Carey campaign instead.

The charges filed by prosecutors, and the statements made by the aides, did not directly implicate Mr. Carey in any of the illicit fund-raising. But they raised new questions about the leadership of a union that has struggled with allegations of corruption for decades, and about a leader widely seen as a reformer.

When federal judges asked them to describe their illegal fund-raising efforts, Jere Nash, the campaign manager; Martin Davis, a fund-raiser for Mr. Carey, and Michael Ansara, a telemarketing consultant, disclosed several new aspects of a web of schemes to raise money.

- After Carey campaign officials spoke with the secretary-treasurer of the AFL-CIO, Richard Trumka, the Teamsters made a $150,000 contribution to the labor federation to enable it to contribute $150,000 to Citizen Action, a liberal group. As part of a scheme devised by Mr. Carey's aides, Citizen Action then paid $100,000 to Mr. Davis's firm to finance a mailing for Mr. Carey.
- Leaders of several other unions made total cash payments of almost $20,000 to the Carey campaign, although federal law bars union leaders from contributing to candidates in other unions.
- The Democratic National Committee asked a foreign citizen who wanted to give money to Mr. Clinton's campaign to instead donate $100,000 to the Carey campaign as part of a scheme in which the Teamsters pledged hundreds of thousands of donations to the Democratic Party. The Carey campaign ultimately rejected the $100,000 donation because the foreign citizen was an employer, and employers cannot donate to union candidates.

Helms Signs Up for a Bigger NATO

By Jerry Gray
New York Times Service

WASHINGTON — Senator Jesse Helms, chairman of the Senate Foreign Relations Committee, has announced his tentative support for the expansion of NATO, saying he will help lead the fight for ratification of the plan if the Clinton administration addresses a series of "serious concerns."

Mr. Helms's support is crucial to President Bill Clinton's effort to bring three of the West's former Communist adversaries — Poland, the Czech Republic and Hungary — into the military alliance in time for its 50th anniversary in 1999.

Mr. Helms made his offer in a letter to Secretary of State Madeleine Albright on Wednesday.

"I have arrived at my decision to support NATO enlargement based on my belief that this is a worthwhile endeavor," Mr. Helms wrote. "However, my support must remain conditioned upon our ability to work together to include proper safeguards that ensure enactment of an amended treaty is in our nation's best interests."

The amendment he was referring to would change the original North Atlantic treaty, signed in 1949, to admit the new members.

Mr. Helms said he intended to hold hearings on the proposed enlargement, and he invited Mrs. Albright to the first one, scheduled for Oct. 7.

Pushed by Mr. Clinton and other Western leaders, the North Atlantic Treaty Organization extended invitations in July for Poland, the Czech Republic and Hungary to join the 16-member alliance by 1999.

In the United States, the Senate must ratify changes to the treaty governing NATO. The majority leader, Senator Trent Lott, Republican of Mississippi, has endorsed the idea, and Mr. Helms represented the last major political hurdle to it.

On July 9, a day after the invitations were extended, Mr. Helms listed 10 steps he said he wanted the White House to take — points he reiterated in his letter to Mrs. Albright.

"The administration must outline a clear, strategic, military rationale for NATO enlargement that identifies the threats the alliance may face in the coming century and why an enlarged NATO is necessary to counter those threats," he said.

Mr. Helms also insisted that current NATO allies pay their share of expansion costs and that the alliance set "clear limits" on Russia's role in NATO decision-making.

Several of his other concerns dealt with Russia: opposition to Moscow's efforts to establish a zone free of nuclear arms in Central Europe, rejection of aid for Russian arms sales to former Warsaw Pact military forces joining NATO and rejection of any further Russian efforts to link concessions in arms-control negotiations to NATO expansion.

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BOOKS

THE MAN WHO WALKED TO THE MOON

By Howard McCord. 123 pages. $18. McPherson.

Reviewed by
David Nicholson

THIS is an odd little book, a novella about a professional assassin walking up a Nevada mountain called the Moon, musing on literature and philosophy and the tools of his deadly trade. Told in the first person, the story contains some fine language and some telling insights. In the end, however, I suspect most readers will find the book falls uncomfortably between genres — it's too literary to make a good thriller, and too fantastic a thriller to be truly literary.

The assassin is William Gasper. Fifty and a "solitary," "as alone and free as it is possible to be in this world," he has been walking the Moon periodically for five years. "It is," he tells us, "a perfect mountain for our times, caught partly in an alien dimension, as unintelligible as most good novels, and as effortlessly boring to one who skims topographic maps with an eye to excitement." Never mind that this is "the mountain of nowhere, ignored by those who live near it . . . not a climber's mountain, nor a hunter's." Gasper finds meaning in "my walking, in my calm, and in The Moon."

As he walks, Gasper tells us about himself. An indifferent student, he spent most of his time in the library, "where the librarians indulged my habit of reading books upside down." Afterward, he moved, "in my left-handed way" to the Marines, where he was trained as a sharpshooter and then sent to Korea.

In between these nuggets from the past, Gasper muses about his walk, describing the terrain and remembering other treks. He ranges far and wide in the fields of literature and philosophy, alluding to Nietzsche, the poet Christopher Smart, Heraclitus. He also plans to ambush the rifle-carrying man (or woman) who has been following him and who, Gasper has decided, intends to kill him if he does not strike first.

All of this is, if not straightforward, then at least firmly rooted in reality. Soon enough, however, things begin to get more than a little strange.

At 18, Gasper tells us, lost from his company with four other men, he survived a wintertime trek to the Korean coast in the middle of the war, stole a boat and headed south. He'd thought himself alone on the boat; instead he finds himself in the company of the Celtic goddess Cerridwen.

"You'll see me again, as well as when you die," she tells him, and then disappears, just as a destroyer escort appears out of the night, just in time to rescue Gasper.

This is serious fiction, with a keen intelligence obvious in every sentence, every allusion and every trenchant observation. The truth is that Howard McCord — a poet, critic and professor of English — can write, and that he is equally believable writing about rock climbing as he is about firearms or tactics for a successful ambush in rough terrain. Still, for all the solidity of the language, Cerridwen's presence as a character (she even seduces Gasper during her second appearance!) loosens some necessary hold we need as readers to maintain our connection to the story.

Obviously this is the novel McCord wanted to write, and it is difficult to gainsay his intentions. Still, I can't help thinking that it illustrates something about the nature of fiction. People who don't write often assume that anyone who does can write anything from mysteries to romance to serious literary fiction. The truth, unfortunately, is different. Writers write what they can write, and it is the rare talent who can switch between genres, writing both high and low styles with believable aplomb.

For all its pleasures, this novella is proof of that.

David Nicholson, a Washington writer, wrote this for The Washington Post.

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Flor Cordero/Reuters

DEBATING SOCIETY — Hispanic women showing support for Yvonne Gonzalez, Dallas's school superintendent, in a racially charged dispute with black activists over her efforts to combat corruption.

Away From Politics

- **Sergeant Major Gene McKinney**, the highest ranking enlisted man in the U.S. Army, should face court martial on 22 charges of sexual misconduct, but not rape, a military hearing officer has recommended after reviewing allegations by six women who said he made improper advances toward them. *(AP)*
- **Blood transfusions once a month** could help protect an estimated 2,500 children with severe sickle cell anemia from suffering a stroke, researchers say. Transfusions reduced high-risk children's stroke chances by 90 percent, a discovery so dramatic that the National Institutes of Health stopped the study 16 months early and sent the results to hundreds of doctors. *(AP)*
- **The number of AIDS cases diagnosed in the United States** dropped last year for the first time in the 16-year history of the epidemic, a trend that federal officials attributed to aggressive new therapies that keep infected patients healthier. *(NYT)*
- **A frail-looking, 77-year-old man robbed a bank** of $2,500 in Santa Ana, California, saying he did not want to do it but needed the money to pay his ailing wife's medical bills. *(Reuters)*

POLITICAL NOTES

House Adopts New Ethics Rules

WASHINGTON — Republicans in the House of Representatives have pushed through a change in ethics rules that would bar outside groups from lodging an ethics complaint against a House member, but failed to pass a provision that would have made it possible to kill an ethics complaint by delay.

The moves came as the House, by a largely partisan vote of 228 to 154, approved a new set of rules for the ethics committee, eight months after the fractious and bitter investigation into the use of tax-exempt money by the House speaker, Newt Gingrich, led to a moratorium on ethics complaints.

Democrats protested that the Republican leadership was allowing floor amendments on a package of modest changes in ethics rules that had been drawn over months by a bipartisan task force.

"What began as a bipartisan effort to improve the ethics process has disintegrated into one more political sham," said Representative John Moakley, Democrat of Massachusetts.

By a vote of 228 to 193, the House approved an amendment — sponsored by a dissident Democrat, Representative John Murtha of Pennsylvania — barring outside groups from lodging ethics complaints.

But the House rejected, by a vote of 236 to 181, an amendment that would have allowed a complaint against a member to be dismissed if the ethics committee, whose membership is split evenly between the two parties, deadlocked on a case for 180 days.

Critics said such a rule would have most likely prevented a reprimand of Mr. Gingrich, whose investigation divided the panel and took nearly 28 months before it ended in the reprimand and a $300,000 fine in January. *(NYT)*

Republicans Split on Pay Raise

WASHINGTON — Republican sophomores in the House are threatening another uprising against their leaders, vowing to block a pay raise for members of Congress.

The pay raise was approved without debate or a direct vote, under a procedure that blocked any effort to stop it.

"This is an outrageous maneuver by House leadership to allow Congress to give itself a pay raise without letting the public know how they would vote on the issue," said Representative Linda Smith, a second-term Republican from the state of Washington. "The American people deserve better."

The pay raise — a proposed 2.3 percent increase in the cost-of-living allowance — would be the first in five years for members of Congress.

Mrs. Smith said Thursday she would try to block the raise with an amendment to the spending bill for the Commerce and Justice Departments when it reaches the floor next week. If the Republican leadership thwarts that effort, she said, she had at least a dozen Republican supporters who would help stall the legislation in the House. *(NYT)*

Quote/Unquote

Representative F. James Sensenbrenner Jr., chairman of the House Science Committee, cautioning the National Aeronautics and Space Administration about sending another American astronaut to the Russian space station Mir: "I think there has been enough evidence that has been put before this hearing to raise sufficient doubt as to the safety of continued long-term American presence on the Mir, and to force NASA to re-evaluate whether to send David Wolf up on the shuttle." *(WP)*

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HOPE INTERNATIONAL CHURCH Hotel Orion at Paris-la-Défense, 6 bd. de Neuilly. Worship Sundays, 9:30 a.m. Rev. Douglas Miller, Pastor. T.: 01 43 33 04 06 Métro 1 to la Défense Esplanade.

SAINT JOSEPH'S CHURCH (Roman Catholic), MASS IN ENGLISH: Sat. 6:30 p.m.; Sun. 10 a.m., 12 midday, 6:30 p.m. 50, avenue Hoche, Paris 8th. Tel.: 01 42 27 25 56. Metro: Charles de Gaulle - Etoile.

RELIGIOUS SOCIETY OF FRIENDS (QUAKERS). Unprogrammed (silent) meeting for worship. Sundays 11 a.m. Centre Quaker International, 114 bis, rue de Vaugirard, 75006 Paris. All Welcome. +33 01 45 48 74 23.

TOKYO

ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Idabashi Stn. Tel.: 3261-3740. Worship Service: 9:30 a.m. Sundays.

TOKYO UNION CHURCH, near Omotesando Subway Sta. Tel.: 3400-0047. Worship Services: Sunday - 9:30 & 11:00 a.m., SS at 9:45 a.m.

SWITZERLAND

BASEL CHRISTIAN FELLOWSHIP English-Speaking non-denominational. Tel. +41 61 302 1674, Sundays 10:30 Missions Strasse 13, CH-4056 Basel.

ZURICH-SWITZERLAND

ENGLISH-SPEAKING CATHOLIC MISSION: St. Anton Church, Minervastraße 63 Sunday Mass: 8:30 a.m. & 11:30 a.m. Services held in the crypt of St. Anton Church.

THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS and SUBURBS

THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evensong. 23, avenue George V, Paris 75008. Tel.: 33-01 53 23 84 00. Metro: George V or Alma Marceau.

FLORENCE

ST. JAMES' CHURCH, Sun. 9 a.m. Rite I & 11 a.m. Rite II. Via Bernardo Rucellai 9, 50123, Florence, Italy. Tel.: 39/55 29 44 17.

FRANKFURT

CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Rinz: St. 22, 60323 Frankfurt, Germany, U1, 2, 3 Miquel-Allee. Tel: 49/69 55 01 84.

GENEVA

EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist; 2nd & 4th Sun. Morning Prayer. 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel.: 41/22 732 80 78.

MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seybothstrasse 4, 81545 Munich (Harlaching), Germany. Tel.: 49/89 64 81 85.

ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist Rite I; 10:30 a.m. Choral Eucharist Rite II; 10:30 a.m. Church School for children & Nursery care provided; 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome. Tel.: 39/6 488 3339 or 39/6 474 3589.

BRUSSELS/WATERLOO

ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 563 Chaussée de Louvain, Ohain, Belgium. Tel. 322 384-3556.

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurter Strasse 3, Wiesbaden, Germany. Tel.: 49/611.30.66.74.

EUROPEAN BAPTIST CONVENTION

BERLIN

I.B.C., BERLIN, Rothenburg Str. 13, (Steglitz). Sunday, Bible study 10.45, worship Service 12.00 noon. Charles Warford, pastor. Tel.: 030-774-4570.

BRATISLAVA - SLOVAKIA

I.B.C., The Iuventa, Karloveska 64, Auditorium 104B. Worship Sun. 10:00. Tel.: (07) 715367

BREMEN

I.B.C., Hohenlohestr. Hermann-Böse-Str. Worship Sun. 17:00. Pastor telephone: 0421-78 648.

BUCHAREST

I.B.C., Strada Popa Rusu 22. 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3860.

BUDAPEST

I.B.C., meets at Morics Zsigmond Gimnazium, Torokvesz ut 48-54. Sun. 10:00. Tel. 250-3932.

BULGARIA

I.B.C., World Trade Center, 36, Drahan Tzankov Blvd. Worship 11:00. James Duke, Pastor. Tel.: 971 - 2192.

DARMSTADT - GERMANY

I.B.C., Wilhelm-Leuschner Str. 104, Darmstadt-Griesheim, Bible Study Sun. 16:00. Tel.: (0611) 941-0505.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP, Ev.-Freikirchliche Gemeinde, Sodenerstr. 11-18, 65150 Bad Homburg. Sunday Worship, Nursery & SS: 11:20 A.M. Mid-week ministries, Pastor M.Levey. Call/Fax: 06173-62728.

BETHEL I.B.C. Am Dachsberg 92 (English), Worship Sun. 11:00 a.m. and 6:00 p.m. Tel.: 069-549559.

HOLLAND

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NICE - FRANCE

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ST. PAUL DE VENCE - FRANCE

St. Paul de Vence - France I.B.C., Espace St. Claire, Level "0". Bible Study Sun. 9:30, Worship Sun. 10:45. Tel: (0493) 320-696.

PRAGUE

I.B. FELLOWSHIP, Vinohradska # 68, Prague 3. Sun. 11:00. Tel.: (02) 311 7974.

WATERLOO

WATERLOO BAPTIST FELLOWSHIP Sun. 19:00 at Swedish Church, across from MacDonalds, Tel.: (02) 383 1585.

ZURICH - SWITZERLAND

I.B.C of Zürich, Gheistrasse 31, 8803 Rüschlikon. Worship Services Sunday mornings 10:30. Tel.: 1-4810018.

ASSOC. OF INT'L CHURCHES

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-8132021.

GENEVA

EV. LUTHERAN CHURCH 20 rue Verdaine. Sunday worship 9:30, in German 11:00 in English. Tel: (022) 310.50.89.

JERUSALEM

LUTHERAN CHURCH of the Redeemer, Old City, Muristan Rd. English worship Sun. 9 a.m. All are welcome. Tel.: (02) 6281-049.

PARIS

AMERICAN CHURCH IN PARIS, Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

ZURICH

INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery. Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2625525.

SYNAGOGUES

THE CONSERVATIVE JEWISH COMMUNITY IN PARIS "Adath Shalom" invites you to join them for Rosh Hashonnah and Yom Kippur services. For details and seats, phone 01.45.53.57.47 or write Adath Shalom, 22 *bis* rue des Belles Feuilles, 75016 Paris.

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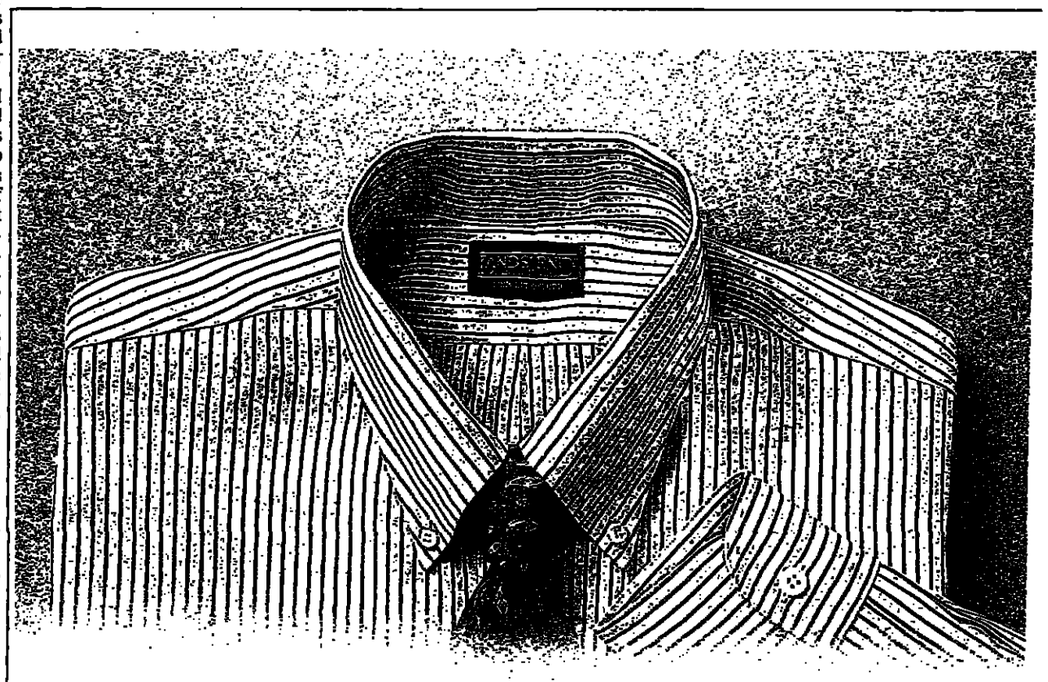

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EURO: *In Scramble to Common Currency, Italy Takes Risky Political Decision and Chips Away at Welfare State*

Continued from Page 1

and a dwindling safety net are the route to success in the global economy.

"People look across the Channel, and they do not like what they see," Kenneth Clarke, former chancellor of the Exchequer, said.

"Confronted with the euro, they ask, why should we be locked into failure? Continental Europe is overregulated and sclerotic, and the key to recovery there is structural change."

Britain's economy grew at double the French growth rate last year, and, at about 3 percent, its expansion is expected to be well ahead of France's again this year. Unemployment has plunged in Britain to 5.3 percent, from 10.4 percent in 1993, as the economy has benefited from lower taxes and the birth of a shareholding culture.

In the Netherlands, consensus has achieved what the *Thatcherite* revolution did in Britain, bringing unemployment down to 6.5 percent from more than 10 percent a decade ago without accentuating inequalities as much as in Britain. Growth in the Netherlands, as in Britain, has surged. But in both countries, to different degrees, job security and welfare protection have been sacrificed.

Europe thus offers various economic models, whose differences will be laid bare by the euro. The currency also will test the sustainability of different systems even as it exposes those differences.

A common currency will reveal, for example, that the same brand of Scotch whisky can vary in price by 50 percent, depending on whether it is bought in Spain or in Germany. It also will reveal the relative attractiveness of different European economic environments in terms of tax levels, costs of labor and welfare, and business incentives.

"If we get the euro," said Bruce Kasman, a vice president at J.P. Morgan in London, "inefficient policies will be much less sustainable.

"You are going to see the same kinds of competition as between states in America. There are going to be huge pressures on countries to provide policies conducive to investment."

In Italy, that pressure is particularly intense. More than 10 percent of Italians — 6 million people — are officially disabled. These people will cost Italy more than $33 billion this year in disability pensions.

Many do have physical handicaps. But many are the healthy beneficiaries of a bygone system. Before the Cold War ended, $33 billion was considered a reasonable annual investment in Italian political stability.

For decades Italy produced "invalids" at a remarkable clip. A politician, usually a Christian Democrat, who arranged for the payment of a disability pension won votes. Particularly in southern Italy, where jobs were scarce, to be disabled was to gain a passport to money or a job.

It was a costly setup. Budget deficits and national debt spiraled.

But the system helped keep the Christian Democrats in office and the Communists out.

Italy did not go the way of neighboring Yugoslavia or Albania. Social security meant geopolitical security.

Now, however, a political age has given way to an economic one.

On Germany's border with Poland, it is no longer the Warsaw Pact that threatens; it is workers making one-tenth of German salaries. Yesterday's esteemed political client in Italy is today's resented financial burden. It is the euro, not the Politburo, that obsesses Europe.

"Either we make it or this government falls," said Enrico Michele, undersecretary of state for the center-left government of Prime Minister Romano Prodi of Italy. "And to get there, we have to negotiate reform of a distorted pension system. The welfare state is part of the European idea and cannot be completely dismantled. It must, however, be changed."

Michelangelo Bergamini is leading the campaign for change. As a senior Treasury official in Italy, he has been asked to lead a sweeping inquiry to unearth fraudulent recipients of disability pensions.

Italy's state-run pension system — which costs more than $190 billion a year, or about 15 percent of total national output — is a labyrinth; there are three separate categories of invalids, each paid by a different state entity.

Mr. Bergamini was asked to start by investigating the 1.4 million cases handled by the Ministry of the Interior.

The number of people receiving these pensions has doubled since 1985; the pensions cost the Interior Ministry about $8.8 billion in 1996. In an 18-month period that is to end March 31, 1998, Mr. Bergamini's investigators, operating throughout the country, are to interview 150,000 of the 1.4 million "invalids" to examine whether their claims are real.

"We are well into the program," Mr. Bergamini said, "and up to now we have found that one in four of those inspected was a false invalid.

"We have found blind people who were not blind and people miraculously cured of rheumatoid arthritis. In the most extreme cases — say a 'blind' man working as a bus driver — we are bringing criminal charges."

Mr. Bergamini's agent in Benevento is Dr. Maddaloni, who works in a crumbling palace. There are typewriters but no computers. Just outside town, there are people still living in the mobile housing they were given after the 1980 Naples earthquake.

The bureaucracy of Italian welfare had assumed fantastic proportions before the current attempt at reform began. Under a 1980 law, for example, a person with a peptic ulcer causing "grave digestive disturbance" could claim a disability level of 51 percent to 60 percent. Diabetes of "medium gravity" would confer 31 percent to 40 percent disability. Different ailments could be added — like roulette chips piled one on the next — to increase one's degree of disability.

The degree was critical. Until 1992, a 35 percent disability level was enough to qualify a person for one of the numerous jobs in the public administration and state companies reserved for invalids. In the south, the postal service was a preferred haven.

A politician would send people to friendly doctors who would certify their disability, and the reward would be a flood of votes.

The level of disability needed to qualify for a monthly pension is now 74 percent. The pension is quite small — about $250 a month — but a useful cushion for poor families in places like Benevento.

At 100 percent disability, the situation changes. Authorities may approve a further $450 a month to pay for a full-time nurse, but there is no verification of whether a nurse performs the job.

'If countries give radically different answers to the challenge of reforming the welfare state, we are going to have problems in the euro zone.'

Remarkably, more than 60 percent of the 1.4 million people now under investigation by Mr. Bergamini have this additional benefit.

Mariano de Luca, president of a Benevento invalids' association, is furious about Mr. Bergamini's campaign. He pointed to the man sprawled on the sofa and urged him to speak. "Say something, Pasquale, say something!" he yelled. No response. "Something, Pasquale, you must say something!"

From Pasquale di Fiori there emerged a groan. The sound slipped from lips contorted into a grimace. His hands writhed with the effort; his body was clearly a vessel he did not control. The sound, a crescendo, was a call from a distant place.

Satisfied, Mr. de Luca turned away. "You see what the government is doing," he said. "Pasquale can't walk. He can't talk. But the government calls him a false invalid! So they won't give him the disability pension he deserves. The euro is being used to justify an Italian witch hunt."

Mr. di Fiori has twice requested the extra $450 payment for 100 percent disability and been refused. The authorities argue that his parents can look after him.

'The euro has been the means to modernize our country. Without that external constraint, we would have been too lazy to do it ourselves.'

But to Mr. de Luca, the case suggests that the excess of abuse has been replaced by an excess of reforming zeal.

But Mr. Bergamini remains tranquil in his mission, convinced that Italy should break with its former culture and become a truly modern state with the euro as its currency.

Already this year, his investigation has saved about $150 million, an amount expected to double by the end of the first phase of his inquiry next year. Moreover, the number of invalids — which was growing at more than 10 percent a year in the 1980s — stopped rising last year.

Eventually, it is clear, Italy's entire pension system will have to be reviewed. The three categories of invalids will have to be grouped into one and a rigorous inspection of claims carried out, officials said. Resistance from labor unions is certain to be intense.

All of this bodes ill. It is the sheer extent of these needed reforms that causes Arrigo Sadun, an Italian economist, to think that Italy is misguided in its haste to adopt the euro from the beginning in 1999.

"There is no question the Germans are right," he said, referring to doubts sometimes expressed in that country about Italy's fitness for the single currency. "Government spending is not yet under control. We Italians are going through a one-shot, unsustainable adjustment. Italy is not ready for the euro."

Still, the strides Italy has made so far are staggering. Nowhere is it more obvious that the euro is fueling profound economic adjustment in Europe.

Inflation has come down to a projected 2 percent this year — lower than in Germany — from 5 percent two years ago. The budget deficit may be as low as 3.2 percent this year. Italy's national debt — at more than 120 percent of its gross domestic product — remains far above the 60 percent ceiling set for the euro, but it, too, is coming down.

"The euro has been the means to modernize our country," said Giuseppe Zadra, president of the Association of Italian Banks. "Without that external constraint, we would have been too lazy to do it ourselves. If we do not make it now, it would be a disaster."

But Hans Zehetmair, culture minister of the German state of Bavaria, is among those unimpressed by Italy's efforts. "When you see how creative the Italians are with bookkeeping," he said, "then I say no, we will not allow this to make the German people suffer. Italy cannot come into the first wave of the euro."

While the euro has been the agent of change in Italy, Britain transformed itself several years ago and as a result has profound doubts about a common currency. Britain's economic culture is now so profoundly different from that of Continental Europe that it is not easy to imagine Britain operating with the same money as its European Union partners.

Britain has an important economy. More than 60 percent of its trade is with other European Union countries. The City of London has by far the Continent's largest securities and capital markets. A euro without that market obviously would be incomplete, and a Britain without the euro may face exclusion from a powerful club.

Yet, to travel around Britain today is to be plunged into a world that seems to bear scant relation to Germany and France. The attractiveness of soccer-club shares or building-society shares is the stuff of casual pub conversations. Shareholding has become a kind of national sport.

This radical change struck Walter Hasselkus when he moved from Germany to Britain two years ago to take over management of Rover, the automaker that had been acquired by BMW.

Old images of conflict — miners' strikes, autoworkers' strikes — inevitably lingered in this German executive's mind from the days when Britain was Europe's basket case. But what he found, he said, was "an acceptance that competitiveness is an absolute must."

"It is amazing, absolutely amazing," Mr. Hasselkus said, "to see the brutal change of ideological direction here. Britain is very, very far from the social-market model that has served Germany well, and I think we in Germany have to be very careful not to knit the social safety net closer than we can afford."

Olivier Cadic, a French businessman, recently moved part of his electronics business, Info Elec, from France to Britain precisely to escape charges and constraints that he could not afford.

In Britain, he can hire and dismiss easily, and social-security taxes add only 10 percent to his wage bill, compared with social charges of 50 percent in France. "We can employ people here," Mr. Cadic said, "but in France it has become prohibitive to hire. The French system seems to be conceived so that unemployment can go up."

For Mr. Cadic, Britain has realized, as France has not, that the world has changed. For a long time, the developed world had virtual monopolies on knowledge, capital, major consumer goods and military strength. That domination has now been seriously eroded. The knowledge and means exist for things to be made anywhere. This is the challenge that globalization poses.

Eddie George, governor of the Bank of England, Britain's central bank, said he believed Britain could live comfortably alongside the euro zone for an indefinite period, preserving the pound as its currency, just as Canada preserves its currency alongside that of the United States. He would see grave dangers, he said, in joining the euro before France and Germany had undergone reform.

"If some European areas are ready to lower minimum wages and achieve a flexible labor market and others are not," he said, "how can the euro work?"

Yet in France, the very word "flexibility" — also favored by Mr. Tietmeyer of the Bundesbank — is taboo. It is seen as a code word for an American-style capitalism. France wants the euro, but unlike Italy it seems unprepared to change to accommodate it.

"An extreme free-market approach may work," a senior official at the French Finance Ministry said. "But it is not for us."

Ed Balls, an aide to Britain's chancellor of the Exchequer, worries about what he sees as an effort in Paris to caricature the Anglo-Saxon model as an excuse not to change.

"Look," he said, "America has created 30 million jobs since 1979. Surely we can borrow something from this. I say to the French, 'Our model is not perfect, but nor is yours. Let's try for dynamism without cruelty.'"

To look at a pay slip from Eric de Cardonnay's BDM decorating company in the Normandy town of Bray-et-Lu is to understand something of France's absence of dynamism. In its way, it is as alarming as the number of invalids in Benevento — and as rich in ominous implications for the economy of the euro zone.

When Mr. de Cardonnay started his company in 1977, there were five lines on a salary slip. Now, after various taxes and charges have been listed, there are 29 lines stretching over two full pages.

All this means, to Mr. de Cardonnay, that employing a worker at a gross monthly salary of 10,111 francs ($1,702) ends up costing a total of 15,306 francs, or an additional 51 percent — while the worker ends up with a net pay of 7,882 francs.

The charges include taxes for family allowances, for a fund offering low-cost housing loans, for unemployment insurance, for work-accident compensation, for pensions, for the improvement of security on building sites, for professional training and even for reducing the social-security deficit — an estimated $7.2 billion this year.

The charges are so numerous and diverse that Mr. de Cardonnay has given up trying to remember what all the acronyms stand for. All he is sure of is this: "These charges are simply uncontrollable. They go up all the time."

That, in turn, creates difficulties. Having expanded steadily through the 1980s, BDM faced a crisis at the beginning of this decade caused by a combination of rising labor costs and falling revenue. Mr. de Cardonnay ended up laying off six of his 21 workers.

For 18 months after the layoffs, he had to continue paying an amount equivalent to most of the six workers' salaries so that they could be retrained for other jobs.

This so-called conversion training has in practice proved largely ineffectual.

"Anyone who has gone through that will never hire again," Mr. de Cardonnay said.

BDM's experience is anything but uncommon. Increasing costs and constraints on dismissals keep entrepreneurs from hiring and expanding.

Unemployment rises, and with it, pressure builds on the welfare state that is funded by the charges. Taxes must rise further to compensate. The pay slip must grow longer still. The circle is vicious.

"If costs for employers in America were the same as in France," a leading French banker said, "perhaps 25 percent of Americans would be unemployed."

The dangers to the euro in this French situation are clear enough. Unemployment brings anger, and it can take nationalist forms.

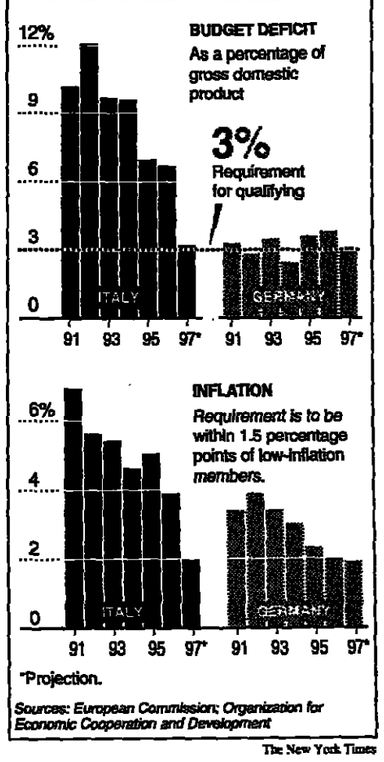
Already the far-right National Front has become the third-largest party in France, with 15 percent of the vote. It constantly attacks the euro as a German plot to take over Europe.

If unemployment continues to rise and change continues to be resisted, the euro may simply prove a catalyst to disaster. It will be the symbol — weak and distrusted — of a stagnant Continent. The state budgets behind the money will be overstretched. Germans will want their mark back.

And the inquisition at Benevento will have been in vain.

Economic Discipline

Germany should manage to qualify for the euro; it sets the standard for economic stability in Europe. Italy must meet that standard and has been trying hard — as its efforts to cut budget deficits and inflation make clear.



The New York Times

EUROPE: *Bonn and Paris Unite*

Continued from Page 1

Mr. Jospin cautioned, however, that the members of monetary union must coordinate their economic and budget policies.

Mr. Kohl and the French steered clear of other unresolved conflicts Friday that continue to strain the relationship across the Rhine — including their approaches to Europe's unemployment dilemmas, how to reform the institutions of the European Union and whether Italy should be included in the inauguration of the single currency.

Keeping monetary union on track gives the pro-European German leader a political break at a time when his opponents at home have buried his domestic legislative program and when the conservative chancellor is widely seen in the twilight of his power. Mr. Kohl has thrust the euro into the center of his reelection efforts for elections in September 1998, despite polls showing a majority of Germans wary of abandoning the Deutsche mark for the euro.

"Everyone can use moral support," Mr. Kohl said in reply to a question about whether the French had come to Weimar to put on a show of solidarity and lend the struggling German leader a hand.

The conciliatory mood contrasted sharply with the last French-German consultation, in Poitiers, France, on June 13, just after the Socialists took office, when the two sides exhibited more suspicion than cooperation.

The two sides met this time in the historic eastern German city of Weimar, a region synonymous with hyperinflation, to drum up support for what they hope will become a stable currency.

"I am absolutely sure that there is no doubt that we punctually will meet the criteria for the euro," Mr. Kohl said at a joint press conference with Mr. Chirac. "I have no doubt that the French will also do the same."

Mr. Kohl warned the "gurus" in Germany who measure Maastricht budget progress "by the centimeter," saying: "The train in Europe will leave on time with the euro."

Now the two sides must forge an agreement by next May on the first round of participants for the euro.

Hinting that Britain slowly might be changing its anti-European stance on the single currency, Mr. Kohl said he believed London's financial district has a vested interest in participating. "The City wants to take part in the euro," he said.

Somewhere between Poitiers and Weimar, the two sides also seemed to make progress on the reorganization of Airbus. French and German delegates to this meeting agreed to proceed with the change in Airbus's status to a joint-stock company by January 1999.

Any agreement will represent another concession by France, which until now has been unwilling to incorporate state-owned aircraft factories into a jointly owned Airbus company.

France and Germany are "in complete agreement" that a restructuring of Airbus is "urgently imperative" to create an agile European competitor to Boeing Co. of the United States, which acquired McDonnell Douglas Corp. in August to form the world's biggest aerospace company.

Delegates also said the leaders discussed the possibility of cross-shareholdings between Deutsche Telekom AG and France Telecom. Bonn wants to sell another piece of Telekom shares, while Paris is preparing a partial privatization of its national phone carrier.

Mr. Jospin cited the need to bolster strategic industries, "particularly in the aerospace sector, but also in the telecommunications sector where very important projects are being prepared."

Thawing a Bit, Charles Tells of Family's Grief

In a Break With Stiff Royal Tradition, Prince Praises Sons' Courage and Thanks Nation

By Dan Balz
Washington Post Service

LONDON — Prince Charles praised his sons on Friday for having shown "enormous courage and the greatest possible dignity" after the death of their mother, Diana, Princess of Wales.

In his first appearance since the funeral of his former wife, Charles said that both he and the two princes would "always feel that loss."

Addressing a group of business and community leaders during a long-scheduled visit to Manchester, the Prince of Wales spoke openly about the impact of Diana's death on the royal family and particularly on the two boys, Prince William, 15, and Prince Harry, 13.

"I think, as many of you know from experiences of family loss in your own lives, it is inevitably difficult to cope with grief at any time," he said. "But you may realize, it is even harder when the whole world is watching at the same time."

It is rare for the heir to the throne to speak publicly about the private lives of his sons. His remarks were the latest sign of the royal family's efforts to project a more human face and to open up the monarchy to public view.

"It is unusual, but then these are unusual times," a Buckingham Palace spokeswoman said.

The prince's comments came at the end of a week that began with a remarkably frank statement issued by Queen Elizabeth II in which she attempted to debunk repeated reports of behind-the-scenes battles over the funeral services.

Criticizing a "wave of speculation and inaccurate stories," the queen denied that there had been significant differences among those planning the funeral.

The public statement came after reports suggested that she had favored a private service for Diana but that Charles had argued fiercely for a large, public event.

There has been considerable speculation that Charles and Prime Minister Tony Blair are in general agreement about the importance of modernizing the image of the monarchy.

The queen's statement was seen as a sign that she did not want to appear to be the obstacle to at least some relaxation of stiff traditions and protocol.

Prince Charles had previously issued a statement of thanks for the outpouring of condolences after Diana's death and for the tens of thousands of personal messages of goodwill sent to him and his sons. But on Friday, he went further, repeatedly talked about how his sons were coping.

Appearing composed, he told the Manchester audience: "I also want to say how particularly moved and enormously comforted my children and I were, and indeed still are, by the response to Diana's death. It has been really quite remarkable and indeed in many ways overwhelming."

Charles traveled to Manchester to help open a campaign to raise millions of dollars for charitable organizations working with children and to promote the expansion of his Prince's Trust, which helps inner city youth.

He toured a Salvation Army center, the Manchester Royal Infirmary and Manchester Cathedral, where he was to view several books of condolences with messages from area residents.

Charles was greeted warmly by residents of Manchester and won applause and good wishes at all of his stops.

Introducing the prince before the audience of community leaders, a business executive, Charles Allen, thanked the prince for having agreed to go ahead with the visit "at a time of despair and deep loss and terrible sadness."

The prince responded by saying that he and his sons were "enormously grateful" for the public expressions of sympathy.

"They are coping very well," he said of William and Harry. "But obviously, Diana's death has been an enormous loss as far as they are concerned, and I and they will always feel that loss."

He said that both he and his sons had been "hugely comforted" by the roughly 250,000 "really touching letters" that have been sent since Diana's death.

"These letters have meant a huge amount to us, a wonderful and heartfelt expression of sympathy for which we are immensely grateful," he said. "It is difficult to express it, but I am making a small attempt here."

Charles also has announced that he would pass up a planned visit to Wales next month because it conflicted with a school vacation for his sons and that he wanted to spend the time with them.

GUARD: *He Remembers Nothing About the Paris Crash*

Continued from Page 1

half-hour in Pitie Salpetriere Hospital, where Diana was pronounced dead of injuries to her heart and chest three and a half hours after the crash.

The driver, Henri Paul, 41, the assistant chief of security at the Ritz Hotel, which is owned by Mr. al Fayed's father and where he and the princess had dined that night, was found with a blood alcohol content more than three times the French legal limit, prosecutors said later.

Mr. Paul's body was taken Friday to Lorient in Brittany, where he is to be buried Saturday after a funeral at the Church of Sainte-Therese in the parish where he grew up.

An official familiar with Mr. Rees Jones's testimony Friday said that he told Judge Stephan that he remembered photographers' being in front of the Ritz after dinner and getting into the car with Diana and Mr. al Fayed, but little more. He said the couple intended to spend the night in a Fayed family apartment near the Arc de Triomphe.

"Retrograde amnesia is very common in cases like this," said a leading American anesthesiologist, Ellison Pierce Jr., associate professor of anesthesia at Harvard University and chairman-emeritus of the department of anesthesia at Deaconess Hospital in Boston.

French doctors said that Mr. Rees Jones had lapsed in and out of consciousness before recovering markedly early this week and that there was an outside chance he might recover some of his lost memory as time went on. Judge Stephan is expected to talk to him again in coming days.

Among the key unanswered questions in the inquiry is whether, as several witnesses have said, a motorcycle and a slower-moving car interfered with Mr. Paul's control of the Mercedes as he roared down a curving incline into the underpass beneath the Place de l'Alma at three times the legal speed limit.

The police are also examining taillight fragments from a Fiat Uno found near the headlights of the Mercedes and a dark paint scrape on the forward part of the wreck to see whether the Mercedes may have collided lightly with another car just before the crash.

Given the speed that Mr. Paul was going at that point, the police are said to believe this scenario unlikely.

The last of three blood tests on his body, insisted on by the Fayed family because Mr. Paul had not appeared drunk before he took the wheel of the car that night, also revealed traces of anti-depressant drugs.

VOTE: *A Welsh 'Yes,' Barely*

Continued from Page 1

But he said the government would have to respond to the concerns evident in the vote. He promised to "deepen very strong support for the principles of decentralizing power" in the run-up to 1999, when the Welsh assembly is scheduled to start operating.

He has his work cut out for him. The government narrowly escaped defeat in Wales despite its longstanding political dominance of the region, which did not elect a single Conservative in the May general election.

Unlike Scotland, which has its own distinct legal and educational systems and which chafed under the increasing centralization of power in London during the past 18 years of Conservative rule, regional identity in Wales has tended to focus on cultural issues like the Welsh language rather than questions of political autonomy. Some of Labour's own Welsh members of Parliament opposed the government's referendum stance, arguing that devolution flirted with the region's nationalist fringe.

Much of England appears even less receptive to devolution, despite Labour's pledge to consider the creation of regional assemblies there. A survey by the NOP polling firm for the BBC earlier this week found that English voters would not want their own assemblies even if the Welsh went ahead.

"Wales will be the end of the road," said Martin Harrop, a politics lecturer at the University of Newcastle upon Tyne. "In the Northeast, there's a strong regional identity, but I don't think there's a strong demand for a regional assembly."

While the lukewarm Welsh vote raised doubts about English devolution, analysts said it was unlikely to derail the government's plans for a referendum next year on creating a local assembly for London with a powerful mayor. The abolition of a London council by former Prime Minister Margaret Thatcher was controversial in the early 1980s, and polls show strong support for Labour's plans.

As Casualties Rise, Israelis Clamor for Lebanese Pullout

By Joel Greenberg
New York Times Service

TEL AVIV — There is a new bumper sticker on the streets here these days, and it carries a blunt message: "Let's Get Out of Lebanon."

Behind the stickers is an organization called Four Mothers, a group of women with sons in the Israeli Army who are demanding an immediate pullout from the Israeli occupation zone in southern Lebanon.

The 14-kilometer-wide (nine-mile-wide) swath of territory has been patrolled by the Israeli army and an allied Lebanese militia since 1985 as a buffer against attacks on northern Israel. But battles in the zone with Hezbollah guerrillas have taken a rising death toll on the army in recent months. Another Israeli soldier was killed in southern Lebanon Thursday when a rocket hit his tank.

As the military casualties have increased, so has support for the mothers' group, which now says it has hundreds of active members and close to 15,000 signatures on its petitions. Another movement advocating a pullout was begun this month by Yossi Beilin, a member of Parliament from the opposition Labor Party; the movement says it has attracted hundreds of supporters.

The emergence of the protest movements reflects wider stirrings of discontent among Israelis, who are still under the pall of the deaths this month of 12 naval commandos in a failed raid in Lebanon and of five Israeli civilians in a triple suicide bombing in Jerusalem.

A total of 34 soldiers have been killed in Lebanon this year, and 20 Israelis have died in two suicide bomb attacks in recent weeks in Jerusalem. The losses have left many Israelis grieving and confused about what path the government should take to stop the bloodshed.

"There are definite signs of fatigue in Israeli society," Lieutenant General Amnon Shahak, the army chief of staff, said in remarks broadcast this past week on army radio.

Anguished parents of soldiers and of victims of the violence have added their voices to the debate. The father of a commando killed in Lebanon issued a plea to Prime Minister Benjamin Netanyahu over the radio to cut the Gordian knot.

"If it's going to be war, then make war, and if it's going to be peace, make peace," he said.

The mother of a girl killed in the last Jerusalem bombing blamed the government for its treatment of Palestinians, which she said bred suicide bombers. "When you put people under a border closure, when you humiliate, starve and suppress them, when you raze their villages and demolish houses, when they grow up in garbage and in holding pens, that's what happens," said the bereaved mother, Nurit Peled-Elchanan.

The father of a commando who survived the fighting in Lebanon appealed to Mr. Netanyahu in a television interview. "This is a child of peace," he said of his son. "He doesn't want wars, and neither do we."

The calls to leave Lebanon have cut across party lines. Some cabinet ministers, including the usually hawkish Infrastructures Minister Ariel Sharon, have suggested an early pullback, while several leaders of the opposition have rejected the idea.

Four Mothers, an independent group that includes supporters of various parties, was formed by four women living in northern Israel after 73 soldiers were killed in February in a collision of two helicopters ferrying troops to Lebanon. "We couldn't sleep that night until we heard the voices of our children telling us that they were O.K.," said Miri Sela, one of the mothers, who lives in Kibbutz Mahanayim, about 15 kilometers from the Lebanese border. "That evening transformed us from people resigned to the idea that there is no other choice, to those determined to find a solution."

The mothers have held demonstrations near the Defense Ministry in Tel Aviv and lobbied cabinet ministers and members of Parliament. They contend that the army's continued presence in Lebanon has failed to shield northern Israel from rocket attacks, while bogging down the military in a costly guerrilla war that it cannot win.

Japan Aide Gives Signal He'll Resign

By Nicholas D. Kristof
New York Times Service

TOKYO — An ex-convict who was appointed to the cabinet last week suggested Friday that he would resign, defusing a political crisis for Prime Minister Ryutaro Hashimoto.

The uproar over the appointment had been a huge embarrassment for Mr. Hashimoto, who has staked his career on his ability to restructure the government to make it cleaner and more efficient.

Instead, his leadership has lately been embroiled in a series of scandals that do not touch on him personally but have tainted his administration.

In particular, popular outrage greeted Mr. Hashimoto's appointment to the cabinet a week ago of Koko Sato, a veteran politician who had been convicted of accepting bribes in the Lockheed scandal of the 1970s. Mr. Sato, who at the time received a two-year suspended sentence, was given the post of head of the Management and Coordination Agency.

Mr. Hashimoto apparently made a disastrous miscalculation, assuming that voters would grumble for a bit and then forget about Mr. Sato. Instead, the appointment triggered a wave of protests and threatened to cripple the government.

Mr. Sato did not quite say Friday that he would resign, but he stopped saying that he would not quit. Officials in the governing Liberal Democratic Party indicated that Mr. Sato would formally tender his resignation at a meeting Monday with Mr. Hashimoto, and the delay seemed to be a bit of political Kabuki intended to allow Mr. Sato a chance to preserve a shred of dignity.

"I want to make a judgment on whether to stay or quit at that time," Mr. Sato said Friday. "I haven't yet said whether I will resign or not."

But the party's secretary-general, Koichi Kato, strongly hinted after a meeting with Mr. Sato that Mr. Sato would resign on Monday. He quoted Mr. Sato as acknowledging that the issue was affecting Parliament and that this was a cause for serious concern.

If Mr. Sato were to stay in office, the governing coalition between the Liberal Democrats and two smaller parties might well collapse. The two other parties, the Social Democratic Party and New Party Sakigake, had threatened to drop out of the coalition, and even Liberal Democrats in the upper house of Parliament were threatening to vote in favor of a resolution of censure against Mr. Sato. Mr. Hashimoto had appointed Mr. Sato to the cabinet as part of a balancing act to win support from factions within the Liberal Democrats. The prime minister apparently decided that he could more easily afford to anger voters than to annoy the faction that backed Mr. Sato.

But the press and public responded with outrage, and opinion polls showed the cabinet's approval rating plunging. With the coalition threatening to fall apart, Mr. Hashimoto and other officials began to put pressure on Mr. Sato to quit.

Police Put on High Alert At Tourist Sites in Egypt

Reuters

CAIRO — Egyptian policemen were on high alert Friday, a day after an attack on tourist buses in central Cairo left nine German tourists and an Egyptian bus driver dead.

Soldiers with assault rifles patrolled the area outside the Egyptian Museum where officials said a "deranged gunman" and his brother hurled a fire bomb at a tourist bus carrying 33 Germans and then began firing automatic weapons at three other buses. The assistant interior minister, Mohammed Abdel Latif, told a state-owned newspaper that the police had set up checkpoints around the city of 16 million and bolstered security at hotels and tourist sites.

"Security is tight, but of course we will tighten it even further after this," Cairo's governor, Abdel Rehim Shehata, said.

The official Al Ahram daily said that the police had rounded up 12 persons, including a restaurant owner who served the gunmen dinner on Wednesday.

In Bonn, a Foreign Ministry statement warned Germans against traveling to Egypt because the "continuous conflict between militant Islamists and the police shows that further attacks cannot be ruled out."

Tour operators in Germany said they were being deluged by calls from people wanting to cancel or reschedule their tours to Egypt, which is visited by 500,000 Germans each year.

"A lot of people are shocked by the attack and about half of those on booked tours leaving today and on Saturday have canceled," said Klaus Veiter, a spokesman for the Studiosus group, which is based in Munich and which concentrates on educational journeys.

In Cairo, a doctor at a hospital said that three German tourists were still receiving treatment.

There was no immediate claim of responsibility for the attack, but sources had said it was the work of Muslim militants seeking to overthrow the government.

The attack was the first on tourists since a militant group killed 18 Greeks in April 1996.

The Interior Ministry said in a statement that it had arrested the two men who launched the attack.

Mr. Abdel Latif told the daily newspaper Al Gomhouria that the police were still looking for a third gunman.

Tourists trickled back to Egypt's pyramids and museums on Friday, some of them unbothered by the latest attack.

"Life goes on," said a British tourist, Hayley Alford, after a morning horse ride at the Giza pyramids.

"I'm not afraid because I don't take tour buses," the English tourist said. "I'm an independent traveler and I feel totally safe."

Foreigners roamed the desert on horseback or astride camels at the pyramids, one of Egypt's main attractions.

Lagos Police Raid Fete of U.S. Envoy

Compiled by Our Staff From Dispatches

LAGOS — The departing American ambassador, Walter Carrington, hailed the courage of opponents of Nigeria's military junta after armed policemen violently broke up a farewell party being given in his honor by pro-democracy activists.

"The police disrupted the party on the pretext that they were searching for arms," said a senior African diplomat who was at the party Thursday night in the home of an opposition leader in the Surulere area of Lagos.

Escorted to his car late by embarrassed and shocked hosts after nervous, gun-toting policemen broke up the gathering, Mr. Carrington told them: "You need not apologize. I salute your courage."

Mr. Carrington is leaving in early October for a post at Harvard University in Boston.

The South African ambassador, George Nene, who attended the party, said that "even in the days of apartheid, we never had it this bad."

He was referring to the repressive decades of white minority rule in his own country, the independent Vanguard newspaper said on Friday.

Mr. Carrington, an African American married to a Nigerian, has long been at odds with Nigeria's military government, which accuses him of supporting the opposition.

The U.S. ambassador responds by saying that Nigeria must introduce democracy and respect human rights if it wants to become a respected member of the international community.

The police smashed down the doors to the room where the ambassador was a guest, forcing everyone to leave.

Mr. Carrington told BBC radio, "About 15 minutes into the reception, we began to hear banging on the iron gate into the house and the next thing, the gate was broken into."

U.S. relations have been at an ebb with the military regime of General Sani Abacha, which seized power in November 1993. Mr. Carrington arrived shortly before the coup.

Witnesses said that the police were tense, fingers on their weapons, as they broke up the party. "They were ready to shoot," a diplomat said. *(AFP, Reuters)*

Paul Bates/Reuters

6 Killed in Two-Train Crash Near London

Rescue workers struggling Friday to free people trapped in the twisted wreckage of a high-speed passenger train from Wales that smashed into a freight train in Southall, a suburb west of London. About 150 people were reported hurt, some seriously.

ISRAEL: *Policy Has U.S. Jews Unhappy*

Continued from Page 1

"can't be solely and exclusively a discussion of terrorism."

J.J. Goldberg, author of "Jewish Power," a book about American Jews, said, "What we're seeing is a much greater willingness by mainstream Jews and Jewish groups to distance themselves from Israeli policy."

By lobbying for a more interventionist U.S. role in the peace process, these Jewish leaders are bucking the official position of established umbrella Jewish organizations such as the Conference of Presidents and the American Israel Public Affairs Committee.

Malcolm Hoenlein, executive chairman of the Conference of Presidents, said "we were very pleased" with Mrs. Albright's initial remarks in Israel when she demanded greater Palestinian efforts against terrorism. But he added, "I think people were surprised by what she said in the latter part" of her trip when she suggested "that both sides err, without distinguishing the responsibility that both sides bear" for the breakdown of the peace process. "Both sides don't have the same responsibility," he said.

The executive director of the American Israel Public Affairs Committee, Howard Kohr, said: "We have stated from the beginning that the fight against terrorism and Chairman Arafat taking seriously his obligations are serious issues; and we believe, if those are met in a serious fashion, the peace process will move forward, and if not, the peace process is diminished."

In interviews, several Jewish leaders said they had been telling U.S. officials there would be no reason to fear a backlash from Jewish voters if the White House adopted a more assertive stance in the peace process. They said Israel should have nothing to fear, as they described Mr. Clinton's as one of the most pro-Israeli administrations in U.S. history.

Robert Lifton, chairman emeritus of the Israel Policy Forum and past chairman of the American Jewish Congress, said he and other Jewish leaders met with Mrs. Albright last spring to tell her that "a large segment of the Jewish community" would support "pushing the parties to agreement" and that if that involved "pushing Israel, that's O.K."

Turbulent Week Ends Calmly in Jerusalem

Reuters

JERUSALEM — Israeli police on Friday hailed a quiet end to a stormy week over a move by Jewish settlers into an Arab Jerusalem neighborhood, an event that had prompted warnings of violent Palestinian protests.

In the West Bank town of Hebron, Israeli security forces fired rubber bullets at stone-throwing Arabs until Palestinian police intervened to stop the protests, witnesses said.

But in Jerusalem, where Israel had bolstered its police presence, the Muslim Friday prayers at Al Aqsa Mosque in the heart of the walled Old City ended without incident.

The Palestinian leader Yasser Arafat rejected the deal agreed to Thursday between Prime Minister Benjamin Netanyahu and Jewish settlers to allow 10 seminary students to stay in the disputed Jerusalem building. "This is a way for Israel to set up a base for settlers," Mr. Arafat said in Cairo. He was expected to complain about the deal to a meeting of the Arab League.

SMOG: *State of Emergency in Sarawak Puts Outside Off Limits*

Continued from Page 1

indoors. Traffic was light because the thick haze made driving difficult, the reports said.

In Kuala Lumpur, where polluted air is trapped by mountains surrounding the city, Gurmit Singh, head of a group that lobbies on environmental issues, called the pollution the worst in the city in 30 years.

"This haze has been almost an annual occurrence for the last 12 or 13 years," he said. "But this seems to be the most persistent case. People are finally getting angry."

September is a relatively dry month in the region, providing ideal conditions for fast-spreading forest fires. Farmers, too, set fire to large swaths of land as a quick way of clearing brush.

Much of the burning occurs on the Indonesian island of Sumatra, and smoke is pushed by winds across the Strait of Malacca to Malaysia, Singapore and other parts of Indonesia.

Prime Minister Mahathir bin Mohamad of Malaysia, who on Thursday wore a surgical mask in public to encourage others to protect themselves from the smog, said Friday that Indonesia had accepted Malaysia's offer to help fight the fires there.

Smog levels in Malaysia are measured by Alam Sekitar Malaysia Sdn. Bhd, a company that said its index had reached 185 in Kuala Lumpur on Friday and 625 in Sarawak, far above the emergency level of 500. Sarawak officials closed all schools late Thursday when the index hit 400.

Malaysia's minister of health, Chua Jui Meng said Thursday that since Sept. 1, a hospital in central Kuala Lumpur had treated 6,543 people for respiratory problems, 2,747 of whom were children. The minister encouraged people working outdoors to wear masks.

The prolonged bout of smog is likely to affect the region's economies, still recovering from several months of market and currency turbulence.

"Tourism arrivals will surely drop and people thinking of investing in projects related to tourism will certainly think twice," said K. S. Jomo, a professor of economics at the University of Malaya.

The haze has already led Malaysia — which is normally reluctant to interfere in its neighbors' affairs — to criticize Indonesia's handling of the fires.

Law Hieng Ding, Malaysia's environment minister, said Thursday that the government was "not totally satisfied or very happy" with Indonesia's efforts.

Who's in the Politburo

Agence France-Presse

BEIJING — The 22 members of the Chinese Communist Party's Politburo elected Friday by the first plenum of the 15th party congress. The first seven were also elected to the highest decision-making body, the Standing Committee of the Politburo.

Jiang Zemin, secretary-general of Communist Party, president and head of Central Military Commission; Li Peng: prime minister; Zhu Rongji: executive deputy prime minister, economy; Li Ruihuan: head of Chinese People's Political Consultative Conference; Hu Jintao: member of Secretariat of the Central Committee; Wei Jianxing: chairman, Disciplinary Commission; Li Lanqing: deputy prime minister, foreign trade.

The 15 other members:

Ding Guangen: head of party propaganda; Tian Jiyun: deputy chairman of Parliament; Li Changchun: party secretary of Henan Province; Li Tieying: minister of Commission for Restructuring the Economy; Wu Bangguo: deputy prime minister, state sector; Wu Guanzheng: party secretary of Shandong Province; Cai Huetian: deputy chairman, Central Military Commission; Zhang Wannian: deputy chairman, Central Military Commission; Luo Gan: Central Commission of Political Science and Law; Jiang Chunyun: deputy prime minister, agriculture; Jia Qinglin: party secretary of Beijing; Qian Qichen: deputy prime minister, foreign affairs; Huang Ju: party secretary of Shanghai; Wen Jiabao: Central Finance and Economic Leading Group; Xie Fei: party secretary of Guangdong Province.

Taleban Fighters Seize Stronghold On Uzbek Border

New York Times Service

ALMATY, Kazakstan — The Taleban militia in Afghanistan has seized a military stronghold on the border with Uzbekistan, raising concerns that the Afghan civil war could widen, Western analysts said.

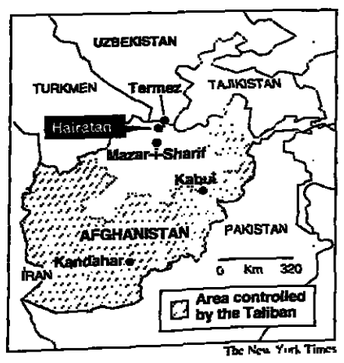
Taleban fighters captured the border town of Hairatan on Thursday after a night of shelling that was heard across the Amu Darya River in Uzbekistan.

The conquest gave the Taleban a large military depot and severed a key supply route from Central Asian nations to their anti-Taleban allies in northern Afghanistan. Most main roads to Mazar-i-Sharif, the anti-Taleban base 80 kilometers (50 miles) south of Hairatan, are now cut.

The capture of Hairatan comes almost a year after the fall of Kabul, the Afghan capital, to the Taleban, which controls about two-thirds of the nation. Barnett Rubin of the Council on Foreign Relations in New York said the advance Thursday would "send an alarm throughout Central Asia and Russia."

"Taleban is gambling that Uzbekistan and Russia are not going to intervene," he said. "Unless it is handled very carefully by Taleban, it will widen the war."

One sign of trouble arose Thursday afternoon, when Uzbekistan television reported that 10 "jet missiles" from Afghanistan had landed in Termez, on the Uzbekistan side of the border, wounding three people, and that officials were taking "necessary measures to prevent a repetition." An independent report confirmed that at least three rockets fell on Termez, but found no casualties.



The New York Times

CHINA: *The New Hierarchy*

Continued from Page 1

who is China's senior corruption fighter in his job as chairman of the Central Disciplinary Commission, and Li Lanqing, another deputy prime minister who oversees foreign trade.

Mr. Wei is close to the departing Mr. Qiao, and Mr. Wei's promotion is probably more a concession to Mr. Qiao than any sign of seriousness about fighting corruption. Mr. Li is close to, but not related to, Li Peng, who retained his position as No. 2 in the hierarchy.

Among the new faces on the Politburo are Trade Minister Wu Yi, the only female member and a candidate to become minister of foreign affairs early next year.

Mr. Jiang spoke for about five minutes at the photo session Friday, reiterating the congress's theme of "holding high the banner of Deng Xiaoping Theory," whose central premise seems to be that any market reform can be undertaken as long as the leadership finds that it is pursuing a socialist goal. This year, Mr. Jiang has taken that theory to a new level, embracing the idea of selling off the bulk of China's state-owned industry, arguably the last pillar of the nation's socialist economy. He justified the move by saying that when individuals buy shares it is a form of "public ownership."

BRIEFLY

Police in Indonesia Arrest 8 Activists

JAKARTA — Eight labor activists were arrested and four foreigners were questioned after the police broke up a meeting of members of a banned labor union Friday, witnesses said.

About 200 people had been attending the four-yearly congress of the Indonesian Welfare Labor Union, the country's largest but unrecognized independent workers' group.

The police did not immediately say why they had moved on the gathering held in a suburb in southern Jakarta, although the union has criticized Indonesia's government in the past. There were no reports of injuries.

An officer said eight Indonesian activists, including one woman, were arrested "because they refused the order to disperse." Four foreigners were also taken to Jakarta police headquarters to be questioned as witnesses, the police said. *(AP)*

Filipinos Protest

MANILA — Thousands of Filipinos marched through Manila's financial district and to the presidential palace Friday to protest moves by supporters of President Fidel Ramos who want the constitution amended to allow him to seek a second six-year term.

Businessmen and construction workers cheered and poured clouds of yellow confetti from skyscrapers in the Makati financial district as the protesters marched below.

Corazon Aquino, a former president, and the Catholic archbishop of Manila, Cardinal Jaime Sin, are organizing a rally Sunday against the constitutional changes that is expected to be the country's largest protest since 1986. *(AP)*

Pacific Isles Impasse

AITUTAKI, Cook Islands — South Pacific leaders failed Thursday to take a joint stance on reducing "greenhouse" gas emissions, which that are thought to cause global warming. The issue threatens to split the regional grouping.

Despite long private talks among the 16 South Pacific Forum leaders on a picturesque coral atoll, a joint approach proved elusive, officials said.

A hastily convened meeting between the two key protagonists, Australia and Tuvalu, also broke up without agreement.

Officials from several delegations said Prime Minister John Howard of Australia refused to back down from his opposition to binding greenhouse gas reduction targets. *(Reuters)*

Iran Dissident in Jail

TEHRAN — A lawyer for a dissident Iranian journalist, Faraj Sarkuhi, confirmed reports Friday that Mr. Sarkuhi had been sentenced to one year in jail on charges of spreading propaganda against Iran.

The lawyer, Shirin Ebadi, said she learned of Mr. Sarkuhi's sentence from judiciary and human rights officials in Iran, but had not been allowed to attend her client's closed trial. She said the government explained the trial without public witnesses and her failure to see Mr. Sarkuhi by saying he had written a letter to the Islamic Human Rights Committee asking for a closed trial.

But Mrs. Ebadi, who said she has long represented Mr. Sarkuhi's family, added the letter did not sound like it was written by the journalist. *(AP)*

For the Record

India rejected **Pakistan**'s charge that New Delhi was to blame for inconclusive talks this week and said it was firmly committed to the peace process. *(Reuters)*

South Korea announced Friday the grounding of all its F-16 fighter jets, joining the United States in taking drastic precautions following two crashes of locally assembled F-16s in the past six weeks. *(Reuters)*

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

China Takes Bold Steps

The centerpiece of this week's Chinese Communist Party congress was President Jiang Zemin's call for the sale, merger or closing of the majority of China's state-owned enterprises. His declaration exceeded expectations and signals the boldest economic transformation attempted by Beijing since the early 1980s. Regrettably, Mr. Jiang and his party colleagues showed no parallel interest in political liberalization, the key to consolidating a market economy and relieving chronic tensions between China and the United States.

Mr. Jiang emerges from the conference with his personal authority strengthened and his chief party rival, Qiao Shi, nudged into premature retirement. Next month he will try to enhance his diplomatic prestige with a state visit to Washington. The chances of a successful meeting would be improved by a goodwill gesture like an amnesty for political prisoners.

Even after two decades of market liberalization under Deng Xiaoping, China's 305,000 state companies still account for more than half of urban employment, though a far smaller share of total output. Overstaffed, inefficient and obliged to provide a full range of welfare benefits to their employees, these enterprises had threatened to exert an increasing drag on China's growth. They now absorb 90 percent of business credits provided by the state banking system, and the privileges enjoyed by their managers also made these companies seedbeds of official corruption.

Despite artful language casting the move to shareholding and market relations as appropriate to "the primary stage of socialism," Mr. Jiang's initiative challenges the party's guardians of Marxist ideology, something he had been unwilling to do during the long and delicate transition of power occasioned by the frailty and death of Deng Xiaoping. That Mr. Jiang now seems to feel confident enough to embrace accelerated economic reform leaves room for hope that he will go further and reopen the issue of political reform, off-limits since the 1989 bloodbath in Tiananmen Square.

In an encouraging sign, China's officially controlled press permitted a slightly broadened range of political debate in the weeks leading up to this week's Communist Party congress.

Mr. Jiang's privatization plan calls for the vast majority of state-owned firms to pass into the market, leaving only about 500 of the very largest in government hands. Many of the details, including the timetable, have yet to be filled in. What is most important is that government monopolies not give way to private monopolies and that privatization not become a smoke screen for handing over public assets cheaply to the well connected.

Shutting down these state enterprises carries social and political risks. That partly explains why it has been put off so long. There is likely to be a jump in unemployment and considerable suffering as workers lose their entitlements to company-provided schools, health care, pensions and other benefits. Worker protests are on the rise and could grow, all the more so since Chinese citizens still have no real political outlet for their grievances.

Beijing can partly mitigate these problems by moving to build a universal government-guaranteed safety net to replace benefits now provided mainly to employees of state enterprises through their workplaces. But it is unlikely to achieve lasting stability until it recognizes the virtues of decentralizing political as well as economic power and unleashing the civic as well as the productive energies of its people.

— THE NEW YORK TIMES.

Buying the White House

In the hall of fame for rogues operating in the corrupt American political system, Roger Tamraz will have no trouble standing out. But the larcenous charm with which he admitted paying $300,000 to meet President Bill Clinton should not obscure the import of his testimony. He was affirming that in the shadowy reaches of the international business world, it was believed, accurately, that during 1996 dubious entrepreneurs could buy White House audiences, particularly if they did not quibble about the cost of the ticket. Mr. Tamraz said he would have been happy to give the Democrats $600,000 if that is what it took to see Mr. Clinton.

It is also worth remembering that the Democratic National Committee, perhaps with highly improper assistance from the Central Intelligence Agency, was eager to jam this fellow into the White House over objections from the National Security Council staff. That almost certainly took additional muscle from a senior presidential aide. To say the least, committee investigators need to determine which White House officials helped clear Mr. Tamraz and why they did.

On this key question, the current record is full of contradictory statements and memory loss. A former Energy Department official, Jack Carter, acknowledged Thursday that he had probably told Sheila Heslin of the national security staff that Mr. Tamraz would donate money to the Democrats if allowed in the White House. He thus confirmed Ms. Heslin's dramatic testimony of the day before that she was under politically motivated pressure to let someone with an unsavory reputation meet with the president to promote his pipeline proposal. Mr. Carter said he got the information about the contributions from a colleague, Charles Kyle Simpson. Mr. Simpson said he knew nothing about any contributions.

As for involvement by high officials, Ms. Heslin testified that the name of Thomas (Mack) McLarty, the former White House chief of staff, was invoked as part of the campaign of pressure. But in a sworn statement, Mr. McLarty denied that he had done any such thing. Records subpoenaed by the Senate committee make it clear that Donald Fowler, who ran the Democratic National Committee, enlisted a certain "Bob" at the Central Intelligence Agency to press Mr. Tamraz's case. But Mr. Fowler said he cannot recall doing so, and the lawyer for "Bob" said Thursday that her mysterious client did not help.

Mr. Tamraz never won the approval of his pipeline that he sought, but he admitted that his meetings were a boon, precisely as Ms. Heslin had feared. All the lacunae in the story of what happened suggest one thing. Too many people are running for cover, and too few are telling the truth.

Mr. Tamraz may well have performed some sort of veiled service for the United States in the Middle East in the past. His idea for an oil pipeline linking the Caspian and Mediterranean seas may even have merit. But the proper means to weigh such matters is the policy-making and national security machinery of the White House and the cabinet, not the fund-raising arm of the Democratic Party. That so many high-level people even took the party's role into consideration is one of the most shocking lapses of judgment that the Senate committee has uncovered so far. In a different time in Washington, the Tamraz saga would also have made the Justice Department curious about who else had the price of admission.

— THE NEW YORK TIMES.

Other Comment

How Big a Government?

The simplest measure of the economic role of the state is the share of national income spent by government. This averaged 30 percent in the rich industrial countries in 1960. By 1980, the share had increased to 42.5 percent. The next 10 years saw accelerating deregulation, technological advance and global economic integration. As a result the state increased its share again, to 45 percent. Since then, the strong wind of globalization has become a gale and the state has increased its share to 46 percent. Industrial-country voters would do well to note [that] Asia's emerging economies are achieving and in some cases surpassing Western incomes, while maintaining far smaller governments than those in Europe and even the United States. Singapore and Hong Kong are already among the richest places on the planet, and still growing fast: Their share of public spending in GDP is less than a quarter. Big government is not something that happens inevitably. It is something which, in democracies, voters let happen. If they care for their freedom and prosperity, they should think about that.

— The Economist (London).

Herald INTERNATIONAL Tribune

ESTABLISHED 1887

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.92.38. Internet address: http://www.iht.com E-Mail: iht@iht.com

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Anyone for a Campaign to Stop Financing TV?

By William Pfaff

PARIS — In all the debate on reform of America's political campaign financing, there has been little sign of a willingness to acknowledge why all this money is needed. It is needed to buy commercial time on television. To talk about campaign financing without talking about where the money has to be spent is like talking about the solar system and not mentioning gravity.

Because of television's demand for money, supplying money for political campaigns has become a major industry. Campaign money is big business in America. The coalition of those who are part of this business now is so wide, so rich, and so powerful that it probably cannot be stopped. Broadcasters, politicians, lobbyists, and industry all want to keep things as they are (or make them worse, from the reformer's viewpoint).

That is why the existing reform debate is largely irrelevant, and serves to divert attention from the real issue, which is that political campaigning on commercial television has corrupted the U.S. political system.

Before the 1996 elections there was considerable talk of free television time for candidates, and some broadcasters made time available. Free time unfortunately is not the answer. Free time does nothing to diminish the demand for commercial time; it merely gives some exposure to poor candidates.

Reed Hundt, chairman of the Federal Communications Commission, is still trying to get U.S. broadcasters to meet specific public interest obligations, including (as he proposes) $400 million worth of free time for political debate.

This still does not address the fundamental problem. The United States is virtually unique among the mature democracies of the world in limiting access to political office to those with a great deal of private money to spend to be elected, or those prepared to beg the necessary money from others who want favors from government.

In a disastrous 1996 decision, the Supreme Court ruled that spending money to obtain political office is a form of constitutionally protected free speech, and no restriction can be placed on it. Burt Neuborne of the New York University Law School (former legal director of the American Civil Liberties Union) wrote in July 1966: "The Supreme Court, by treating money as speech, has virtually doomed campaign finance reform."

Until that ruling is reversed, nothing basic can change. Broadcasters are against any change because they are the people who profit the most from things as they are. Nearly all the private money raised for all the political campaigns in America eventually goes to them. Each national election produces a huge transfer to them of public moneys as well.

Nearly all their counterparts elsewhere in the world are barred from commercially profiting from elections. Broadcasters abroad are required to contribute to the national debate, and the national interest, by furnishing the air time necessary to the conduct of elections. This is their exchange for the privilege of otherwise using regulated public airwaves for their business.

The lobbyists who give the money to America's political candidates do not want a change because the current situation legally authorizes them to pay what amount to bribes to legislators to advance the interests of their clients. Change would put them out of business. Or it would force them to turn themselves into public relations agencies or advocacy groups compelled to use argument and public persuasion to influence legislation. Giving money to politicians (and ultimately to the broadcasters) is easier and quicker.

The industries, unions, private individuals and foreign governments who are the clients of the lobbyists do not want change because that would deprive them of their opportunities to exert special influence on legislation and obtain special favors at public expense.

Politicians might themselves like a change, some of them at least. While being courted by lobbyists can be agreeable, the unending task of raising campaign money is irksome, humiliating and destructive of the politician's ambitions to public service. When a legislator takes money from a special interest, and delivers what the contributor wants — and eventually he or she has to deliver, or be driven from politics — he must know that he has been bought, whatever the rationalizations. This is an acknowledgement hard for an honest man or woman to live with.

The corruption is so great, and so institutionalized in the political system, that it is hard to see it eradicated by anything short of the aggressive trust-busting regulatory legislation of the first Roosevelt's governments, early in this century, which transformed American capitalism. I see no sign of such a movement today. Could it succeed, if it existed? The coalition of interests which profit from today's system is much more powerful than the "trusts" Theodore Roosevelt attacked. It controls nearly all the principal means of public communication in the country.

However one thing seems clear. Until paid commercial advertising for political candidates is ended in the United States, democracy in the country will steadily weaken, and plutocratic power will mount.

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Also on the Mideast Menu: The Net, With Banana Cream Pie

By Thomas L. Friedman

I followed Secretary of State Madeleine Albright on her recent tour of the Middle East. Here is some of what was being talked about outside the corridors of diplomacy.

TEL AVIV — "Explain one thing to me," I ask one of Israel's top financial officials. "Why doesn't the breakdown of the peace process devastate Israel's economy?" (Growth in 1997 will be about 2.5 percent; in 1996 it was 4.4.)

The answer is that Israel today has two economies: the old economy of oranges, tourism and textiles, and the new information economy of software and high-tech exports.

"The information economy is highly resistant to violence," he explains. "Almost all the exports go outside the Middle East, and most of these information technologies are small and light, or exported by modem. All the key inputs come from brains and human capital; no embargo can stop them. Smart global investors understand that. Bombing affects the old economy, not the new one. But this new economy was stoked by Israelis who came back from Silicon Valley after the Oslo peace. These knowledge people are highly mobile. The only economic threat is if the conflict makes daily life so unpleasant, the best brains leave. It could happen."

DAMASCUS — "So what's the talk of Damascus?" I ask a Syrian reporter, as Mrs. Albright's caravan pulls into town.

"There is a big debate in the government over whether to let the Internet into Syria," he says. The state intelligence services, which refuse to allow any Syrian to have a cell phone, are said to be arguing over who will get to be the Internet provider. Syria, though, has just allowed AT&T credit-card calls from the press room at the Sheraton. Good news: Syria is slowly updating its economy. Bad news: It's just entered the 1980s.

ALEXANDRIA, Egypt — While Mrs. Albright is meeting with President Hosni Mubarak, a Mubarak spokesman strides over to me. I am sure he wants to talk politics. The first words out of his mouth are: "Have you seen our Web site? We've had seven million hits in only 10 months. It's got news, a press digest. You have to see it."

Three years ago there was no Internet provider in Egypt. Today there are seven. For the first time ever, an Egyptian diplomat boasts to me that the Egyptian stock market was the hottest in the world last year. He jokingly offers me the services of his stockbroker son.

Suddenly there is more to talk about than just Arabs and Jews. As Egypt gets more open, the demands for more transparency at home begin to mount. The As-Sha'ab newspaper just ran a series alleging gross corruption by the powerful minister of interior and his sons, and so far the government is letting the investigative journalism go on.

JERUSALEM — Think about this: Israel's Yediot newspaper just went to Moscow and bought Russian spy satellite photographs of new Scud missile bases in Syria. Then Yediot hired a private U.S. expert on satellite photos to analyze the pictures. Then last week Yediot published the package as a scoop, without ever quoting a government official. Good news: In today's global market you can buy anything.

Bad news: Syria is still preparing for another war.

AMMAN, Jordan — Lead story in The Jordan Times on the day after Mrs. Albright visits: A speech by the crown prince on Jordan's need for global competitiveness. The hottest new Web site in Jordan is http://www.arab.net/gid/welcome.html. This is the home page of the Jordanian intelligence service — the first in the Middle East to have its own Web site. An official handout says: "The site offers an interesting glimpse of the history, doctrine, responsibilities and viewpoints of the General Intelligence Department."

Hottest new restaurant in Amman: "BOOKS@CAFE," an Internet café where you can sip coffee and surf the Web on a computer. In the morning Jordanian housewives come in to shop on the Net; in the evening it's the students who gather to schmooze. Try the banana cream pie. It's made by the wife of an Israeli diplomat in Jordan.

When Islamist opponents of Israel found that out, they posted it on the local Jordanian Internet, and called for a boycott until the pie was ousted. But the boycott fizzled, the café is packed and the pie is still a favorite.

The New York Times.

The Death of a Diplomat Working in a Place He Cared About

By Jim Hoagland

WASHINGTON — In our last meeting the day before he left Washington in July, Gerd Wagner explained what pulled him back to Bosnia, away from family and from career track in Bonn. He settled for this uncluttered sentiment: It offered a chance to do something in a place he cared about, for people he cared about.

Perhaps embarrassed by this moment of emotion, we rushed on to analysis of the latest on Radovan Karadzic and the Dayton agreement. But I don't recall a word of the analysis today. It is the mission Mr. Wagner set for himself that lingers. That mission came to an end Wednesday as Mr. Wagner and 11 others died when their helicopter crashed on a Bosnian mountainside. The news bulletin noted that the world had lost a senior international negotiator on Bosnia. Those of us who knew Gerd lost even more: We lost another friend trying to do good in striped pants.

This German diplomat had served in ex-Yugoslavia in happier days, and learned Serbo-Croatian. He spent three years in Washington analyzing political-military affairs. He volunteered for a one-year tour as a negotiator that began in August.

The death of a friend triggers sorrow for his family and rage at others. I silently stormed at my German friend for riding in an antiquated Soviet-made helicopter piloted by Ukrainian strangers. What were you thinking, I demanded peulantly.

But I already knew the answer. It applied to the three American diplomats who died in a horrible road accident in Bosnia two years ago, and to Commerce Secretary Ron Brown and 34 others aboard his doomed plane last year. Mr. Wagner and his American, British, German and Polish colleagues were on that helicopter trying to roll the heavy Bosnian boulder an inch higher up the hill that day.

The deaths of a few more Western diplomats can only be a footnote for the ex-Yugoslavs. They have experienced, witnessed or caused hundreds of thousands of atrocious deaths, rapes, disappearances and loss of homes in six years of savage war. They must rush on to "the importance and noise of tomorrow," in the phrase W. H. Auden used to describe a heedless world reacting to William Butler Yeats's death in 1939. But, Auden continued, "A few thousand will think of this day, as one thinks of a day when one did something slightly unusual."

The day Gerd Wagner, 55, and the others died was such a day for his profession and mine. It brought home something that hovers in many conversations here about Bosnia but rarely gets said directly.

A column I wrote on Bosnia 18 months ago attracted Mr. Wagner's attention and gentle ire. Might he try to explain why things were not quite as simple as they seemed? I listened with a healthy but gradually diminishing skepticism over the months as Mr. Wagner pointed out that there were failings on all sides in Bosnia. He worried that we Americans were arming the Bosnian Federation forces too heavily. And so on.

It was not the details or analysis he offered that eroded my professionally honed wariness. Those matters are always subject to debate. But I came to see and respect Mr. Wagner's personal investment in ending the bloodshed. He was scarcely alone in this; but he expressed that investment in a compelling way.

Bosnia has become the touchstone for many in this generation of Europeans posted in Washington. Americans can look at this conflict from a distance and thus see it largely in moral, black-and-white terms. In Europe, the consequences and human pain of a nearby conflict racing out of control concentrate the mind differently.

Mr. Wagner and many other Europeans have set out to educate Americans not so much about Balkan politics but about the complex human forces that the end of the Cold War has unleashed in parts of Europe. They have emphasized the need for an almost un-American attention to detail in this crisis. But they have also listened and learned: Without American determination to solve problems and get on with the business at hand, there would be no cease-fire in Bosnia today.

A European friend's sad death far away recalls what men and women of good will can do, working together and listening to each other.

The Washington Post

Faster! The Chip Cycle Runs Wild

By David Shenk

NEW YORK — The computer chip manufacturer Intel surprised and delighted the computer industry this past week with the announcement that its engineers had invented a way to speed up the design cycle of their chips.

From now on, the amount of memory each chip can hold will double every nine months, instead of every 18 months. That means computer processing speeds will increase at an even faster rate than before.

Bully for them. In Seattle and Silicon Valley, the morning lattes are brimming with an extra dash of nutmeg. Watch for yet another technology stock surge, and another run on the Bay Area's Ferrari dealerships.

Since the bulk of industry profits depend on loyal customers frequently upgrading their hardware and software, a faster product cycle means that technology will become obsolete quicker, forcing the Smiths to buy more often if they want to keep up with the Joneses.

For Steve Jobs and Bill Gates, the news is pure gold. But for the rest of us, the consequences are more mixed. It's true that machines will get even smarter, cheaper and lighter and will make our lives more convenient. But the faster pace has its ugly side.

Not only do technological improvements increase the stress of living in a hyper-speedy, information-saturated world, but they also affect our relationship with time. As machines get quicker and quicker, the world appears to move slower and slower.

Conveniences such as the fax machine, e-mail and beepers seem to compress time to such an extent that we're now painfully aware of every second that we wait for anything. Have you ever been in an elevator with someone who impatiently smacks one of the floor buttons over and over, as if pushing it would speed the ride? We're all becoming that person, a culture of restless button-smackers.

Not long ago I passed a McDonald's that had just introduced a guarantee that all lunch orders would be served within 90 seconds. But don't you think people will still tap their fingers on the counter, roll their eyes, even look at their watches? If you're in that button-smacking frame of mind, 90 seconds can seem like an eternity.

So it goes with technology. As we speed it up, we also speed up our expectations. Remember how 9600-baud modems and 386 Windows machines once seemed swift? Now, a few years later, we consider them unusable.

When the pace of change is so blistering, people who stand still feel as if they are falling behind. A faster product cycle is going to further undermine the confidence of consumers, who already feel that the machines they are buying today are almost immediately obsolete.

In our compulsion to improve efficiency, we easily forget that intelligent work by humans is not just a matter of processing speed. Notice the constant stream of spelling mistakes and missing words in the e-mail you receive. Good work takes time and patience: humans are not designed for multi-tasking.

Someday, there will be no discernible wait at all for transferring files or for Web pages to appear on-screen. But when the Web becomes as instantaneous as television, will we then be content with the speed of information? My guess is that we won't.

As we enjoy the spectacular benefits of the information revolution, we must try to remember that the machines are there to keep up with us, not the other way around. I admire Intel for what it has accomplished, but my life doesn't need its velocity doubled just yet, thanks very much.

Mr. Shenk is author of "Data Smog: Surviving the Information Glut" and a columnist for the Hotwired Web site. He contributed this to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Warning on Cuba

SAN SEBASTIAN — General Woodford, the new United States Minister to Spain, has told of the great losses, from a commercial and industrial point of view, caused to the United States by the protraction of the war in Cuba. He declared that if the war was not over before the end of October, the United States Government would take the necessary steps to assure a complete peace in the island.

1922: Smyrna Crisis

SMYRNA — There are 100,000 refugees of war and the fire huddled on the quays of Smyrna waiting for the promised boats to take them safely away. The ships are coming under American auspices, as the result of the intervention of the United States Government. They will take the unfortunate people to Greek ports, and there they will be under the charge of the Hellenic Government. Their evacuation will practically depopulate the Smyrna region of all Christians, whose ancestors founded the historic city 2,600 years ago.

1947: Protests in Italy

ROME — The prospect of nation-wide demonstrations scheduled for tomorrow [Sept. 20] by Communists and other Left-wing political groups caused such fears of revolution today [Sept. 19] that Italy's Minister of Interior Mario Scelba issued a statement to calm the country. The demonstrations have been ordered officially as a means to deplore the rising cost of living, but undoubtedly will serve as an attack against the Conservative, generally pro-American, Catholic party government which has maintained a shaky control of Italy's affairs since mid-summer.

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Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

THE WORLD'S DAILY NEWSPAPER

The Strange Case of James Ensor

SOUREN MELIKIAN
International Herald Tribune

LONDON — The painter's reputation as a strident, snarling nonconformist may not survive intact, but if the point of "James Ensor 1860-1949: Theatre of Masks," on view at the Barbican Art Gallery until Dec. 14, is to shock and surprise, it succeeds beyond hope.

By bringing together all the facets of the oeuvre, the show organized by Carol Brown reveals a case of split artistic personality that has few equivalents. Perhaps Ensor's origins and circumstances made it inevitable. His father was a British engineer who came to Ostend on a tourist's whim and married a Flemish girl, Catharina Maria Haegheman. An ill-fated attempt to sell his engineering ideas took him to the United States. Back in Ostend, he found no work, sank into alcoholic depression and was discovered, one day in 1887, dead in a doorway.

It was Catharina's souvenir shop, in which she sold Far Eastern objects and Flemish carnival masks, that kept the family going. The masks were later to haunt the artist and to serve as a major source of inspiration to his brand of Expressionism. But at first young Ensor followed another path. He must have felt a compelling urge to turn to art — the boy was only 13 when he studied drawing under two local painters and 16 when he took courses at the Ostend Academy.

By the time he entered the Academie Royale des Beaux Arts in Brussels, the 17-year-old was, in truth, a master. "Dunes," a small view of low hills under a stormy light with the sea appearing far away, done in 1877, is astonishing. It is a totally mature work and very far from the art one associates with Ensor. A subdued Romanticism, reminiscent of Corot and Georges Michel, exudes from the view.

Three years later, Ensor made a leap into advanced modernity revealed by a group of eight small panels in a Paris private collection. "Man Seen From Behind" and "Two Figures in the Rain" catch brief impressions of humans, suggested rather than depicted, in the midst of abstract applications of color.

This staggering prescience of abstraction was not just a lucky accident. Using a different style much influenced by Turner, for whom he had boundless admiration, Ensor painted that same year "After the Storm (the Rainbow)" which goes one step further. Were it not for the merest whitish streak indicating the horizon and the faint suggestion of tiny sailing boats, the seascape would not qualify as figural art.

But just as he seemed about to make the final jump into pure abstraction, Ensor pulled back. "The Market at Ostend," dating from 1881, has a slanting rhythm with its ascending white bars standing for covered stalls seen from a height. The strokes of the brush crushed against the panel charge the urban view with a kind of Expressionist violence. The "Boulevard Van Iseghem," also painted in 1881, is more recognizably figural in its melancholy serenity. A broad swath of off-white goes up amidst vertical dark bars — the apartment buildings lining the avenue under snow.

Why and how Ensor leaped back to a modernist figural style has yet to be explained. In 1883, he painted "Red Apples," a still life done in an intense contrasted light, with suggestions of Manet in the 1870s and a touch of Cezanne of 1882-1883. That, however, does not seem to have satisfied this restless explorer of styles. Another still life of 1883, "Meadow Flowers," while every bit as beautiful, bears no connection to "Red Apples." Almost classical in its receding, layered composition and painted in subtle shades of darker colors, the masterpiece could be that of another artist.

Unlike Dr. Jekyll, who had only one Mr. Hyde, Ensor continued to switch from one artistic persona to another. In 1885, he tried his hand at Impressionism revisited by Turner. The outcome was "Brussels Town Hall," painted from a high point with the conical roof of a big square tower rising up in the foreground, and the facades across the street already plunged in darkness under the shimmering golden sky. This is not the light of Impressionism. It is light seen with the eye of a mystical visionary.

One can almost hear the voice reading out this line from Ensor's "Mes Ecrits" (My Writings) painted on a wall in the show: "I have no children, but light is my daughter, light one and indivisible, light, light, shed light on us! Breathe light into us, show us ways of attaining joy and happiness!"

Ensor neither attained happiness nor gave much more of his attention to light. Other temptations lured him. In 1886, he hung his paintings beside Odilon Redon's in the salon "Les XX" (The 20). He seems to have been overwhelmed by Redon's art. Redon devices, sunbursts in particular, appeared in his preliminary sketches for "The Calvary." Was Redon the catalyst that called back to Ensor's mind Daumier's cartoons and some of Goya's terrifying visions that he used to copy as a young aspiring artist in order to perfect his drawing technique? Spoofery and social satire invaded his work.

In one colored crayon study for "The Calvary," Ensor's name is scribbled in block letters over Jesus on the Cross and a man in the foreground wears a singlet inscribed "XX" on the back. The idea appears to be that Ensor was crucified by his enemies among those who exhibited at the salon "Les XX."

Parody of the worst kind began to afflict his art. In the finished oil painting "The Calvary," a quizzical mask raises a very human eyebrow in a corner of the composition. Ensor's signature is close enough to it to leave the viewer in no doubt as to what he meant to say — the mask is him.

MASKS turned into an obsession. "Old Woman With Masks," is, indeed, the portrait of an old woman with a frozen smile in the midst of characters wearing sneering masks and gazing at the flowers foolishly stuck in her coiffure. At the bottom, a theatrical mask, vaguely Far Eastern in appearance, looks, on closer inspection, like some self-deriding likeness of the artist, with his signature close by. Ensor was turning into a clown.

His desire to provoke the establishment resulted in such works as "The Entry of Christ into Brussels," in which most faces are handled in the manner of masks. The art, alas, does not live up to the social and political satirist's ambitions. At widening intervals, the painter continued to experiment in styles. He almost anticipated Expressionist Abstraction of the 1960s with his "Fall of the Rebellious Angels." It has a swirling movement in which a few suggested figures can be made out, only just. And Ensor definitely painted the first truly Expressionist pictures of Modern art, such as "Strange Masks," dated 1892.

Cartoon-like scenes increasingly appealed to him. "At the Conservatoire, Brussels" has neo-Hogarthian ambitions, while "Fantastical Ballet" is just mediocre and unfunny. Here and there, Ensor sank into vulgar scatology on the thin excuse of satire. What on earth had happened to the sensitive artist of yore, to the poet in words as in images?

Well presented, the Ensor show constantly raises questions and answers few. It is possible to hate it, but not to remain indifferent.

"Old Woman With Masks," 1889, in the Ensor show at the Barbican.

In Rauschenberg Retrospective, Discovering 'Beauty Is Underfoot'

By Michael Kimmelman
New York Times Service

NEW YORK — Years ago, apropos of his good friend Robert Rauschenberg, John Cage famously said, "Beauty is now underfoot wherever we take the trouble to look." His "now" implied not that the world itself had changed, of course, but that the way we viewed it had.

The other important word was beauty, which at the time seemed a less vexed concept than it does today: Cage meant that we had come to see, through Rauschenberg's work, not just that anything, including junk on the street, could be the stuff of art (this, after all, wasn't new), but that it could be the stuff of an art aspiring to be beautiful — that there was a poetics in urban glut, which Rauschenberg revealed and celebrated.

Rauschenberg, now 71, is the first great ecumenical figure of postwar American art. And however much you may reject his work, or large parts of it, it seems always there to embrace you and the rest of the world.

The Guggenheim's extraordinary Rauschenberg show may be the largest retrospective of a living artist ever organized. With hundreds of works, too big even for both Guggenheims, uptown and downtown, it spills over to the Ace Gallery in the South Village. You probably need Rauschenberg's energy just to make it through this exhibition without the works eventually blending together: big blurry collages collaging into one big blur. Critics who have always complained that he never knew how to edit himself may nod their heads.

It's too bad, because retrospectives are supposed to make the tough choices that artists may not care to make themselves, and Rauschenberg, in his generosity, seems to be one of these artists. Never mind. I recommend just regarding the vastness of the show as a fair indicator of an astonishingly protean artist willing to take risks. And what is risk, after all, without failure?

This point of view accords with our myth of avant-gardism, at least. We tend to prize artists so far as they are ground-breaking, and it is a given by now that Rauschenberg, as much as anyone else during the last 50 years, helped to erase all the old dividing lines: between painting and sculpture, painting and photography, photography and printmaking, sculpture and photography, sculpture and dance, sculpture and technology, technology and performance art, not to mention art and life.

That said, change in art never really comes about because barriers are broken but rather because they are gradually nudged out of the way. And the show prompts the thought that we might actually want to rephrase Rauschenberg's achievement, which hasn't been so much to undo what came before him as to recognize how it could be elaborated on.

This doesn't mean only the works of Duchamp, Schwitters and Cornell, the obvious suspects. It also means artists whom he is often said to have rejected, even vandalized, like de Kooning and Barnett Newman. "Automobile Tire Print" of 1953, for instance, is the result of Cage's driving the inked tire of a Model A Ford over 20 sheets of white paper, connected like a Chinese scroll. Was Rauschenberg mocking Newman's famous "zip" paintings? Or was he expanding on Newman's art, which, to grasp properly its scale, demanded that a viewer walk past it, as if it were sculpture?

I THINK the tire print can be imagined as neatly representing this movement across the picture, transforming Newman's zip, an abstract line with spiritual pretensions, into an artifact of everyday culture, which, for Rauschenberg, had its own transcendent dimension.

A restless man with a compulsion to see the world, Rauschenberg made images of cars and spaceships, even real tires and bicycles, into leitmotifs of his art. And gradually he carried the notion of movement to its logical but unforeseen conclusion in dance and performance.

His black paintings and red paintings of the early '50s suggest another kind of evolution. They are monochromatic, improvisatory pictures with roiling, bubbled surfaces made from the torn scraps of newspapers embedded in paint. People call them parodies of de Koonings or Pollocks, though before Rauschenberg, de Kooning, himself a parodist, had incorporated bits of newspapers as flotsam in pictures, and Pollock stuck cigarette butts to canvases.

The gap between what they did and what Rauschenberg did wasn't really so big, until, of course, he took the mix of collage with Abstract Expressionism to the extremes of "Canyon" (attaching a stuffed bald eagle to a canvas), "Monogram" (the notorious stuffed Angora goat girdled by a tire atop a painted panel) and "Bed" (quilt, sheet and pillow, slathered with paint, framed on the wall).

"Bed" is worth contemplating. The old saw has it that the Abstract Expressionists were grave and inward looking, and Rauschenberg a merry prankster like the Pop artists with whom he is indiscriminately linked. But the truth is more complicated. The black paintings are solemn, shuttered. The red paintings look charred, with strips of fabric, akin to bandages, from which paint drips, like blood. And "Bed," in its tawdry, violent intimations, looks downright Gothic.

Rauschenberg's work, from the start, has been suffused with a delicate, often overlooked, sense of loss. It includes images of single figures, downtrodden, rapt in thought; frescoes of antiquity, fragmented, slipping out of focus and half-remembered; photographs of forlorn, neglected places; bits and pieces of foreign cultures inevitably suggesting remoteness, the far away.

The uptown Guggenheim shows examples from Rauschenberg's Overseas Culture Interchange, his extravagant collaborative project, begun in the 1980s, to incorporate images and art practices from around the world. He went to China, Cuba, Malaysia and elsewhere, mostly places where art became a vehicle for communicating with people separated from the United States by political or other differences. This was Rauschenberg's point: to be an unofficial ambassador of art.

The results, unfortunately, are mixed. Many of the large ceramic sculptures and paintings on aluminum, adorned with snapshots of exotic locales, seem touristic, even paternalistic and bloated, their scale suited to the ambition, not to the quality of the work. In fact, much of Rauschenberg's huge outpouring of the last 20 or so years, doesn't nearly match the inventive brilliance of his early art. The energy is still there; the element of surprise isn't.

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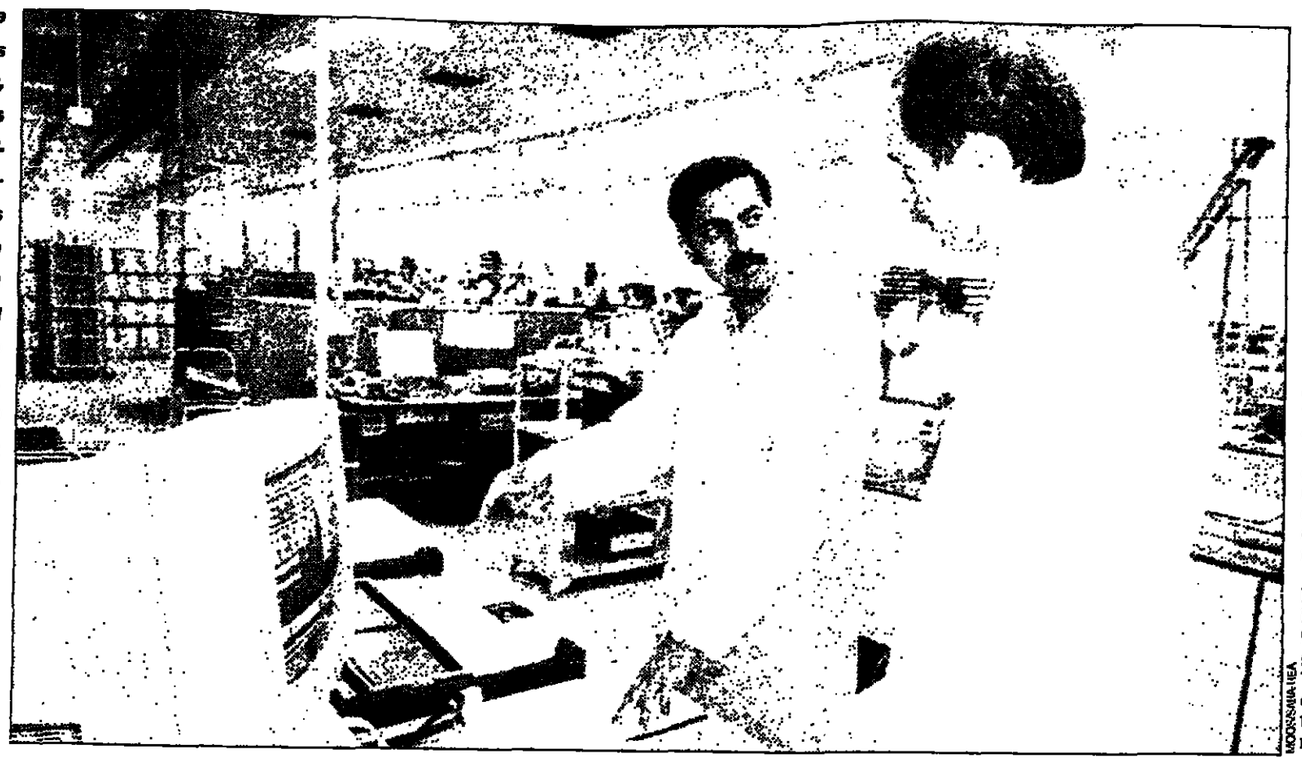
BUILT FOR BUSINESS: INDIA

As India celebrates the 50th anniversary of its independence this year, reforms are making its economy more capital-efficient and consumer-driven. The country is seeking to prune the public sector and open the previously protected private sector to international competition. It has also introduced measures to attract greater foreign investment, which is seen as crucial to paying for the infrastructure improvements needed to ensure high levels of economic growth. Right: a high-tech plant in Calcutta.



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ON THE ROAD TOWARD A FREE-MARKET ECONOMY

Despite an apparent slowdown of the economy, wide-ranging restructuring is under way in key industries.

From a near-bankruptcy situation in mid-1991, when the country's foreign exchange reserves were down to the equivalent of just two months' imports, India has come a long way. Gross domestic product grew by 7.1 percent in 1996, compared with 0.8 percent in 1991-92. Inflation has dropped from a band of 10 percent to 12 percent in 1991 to 6 percent to 8 percent in 1996. Other macroeconomic parameters have registered significant improvement.

Although economic growth during 1996-97 was not very encouraging, figures alone do not tell the whole story. While the poor performance figures for industrial growth (down from 11.6 percent in 1995-96 to 7 percent in 1996-97) and foreign trade suggest an apparent slowdown of the economy, they fail to throw light on the economic restructuring taking place. Key industries are going through a shakeout and consolidation phase, and mergers and takeovers are becoming common growth strategies. Overall, the trend is clearly toward a more efficient, market-driven economic system.

Misplaced emphasis

When Jawaharlal Nehru took charge as India's prime minister after independence, his socialistic approach to government eventually pervaded the process of economic planning. Policymaking in those days led to India's heavy reliance on foreign debt, with virtually no direct foreign investment coming in. The economy was shaped by a planning process that laid undue emphasis on nurturing the public sector. Today, the folly of basing economic policies purely on welfare objectives is evident in the thwarted growth of private sector enterprise and the poor performance of several public sector undertakings (PSUs).

The economic reforms that began six years ago now appear irreversible. From a socialist setup, India is transforming itself into a market-driven economy. Until recently, the country was isolated from the international markets, but it is now globalizing at a rapid pace.

Integrating with the world

One of the key indicators of the country's efforts to integrate with the world is the consistent reduction in import duties over the past six years. Peak import duties are now down to 40 percent, from 190 percent in 1991. Duty rates are being brought down in line with recommendations of the Chelliah Committee, which was set up primarily for the purpose of tax reform. Personal tax rates have also been lowered.

Furthermore, India has begun the process of privatization and the opening up of industries to foreign investment. The private sector is allowed to invest in key industries that were once considered as the sole territory of the government. With five more sectors de-licensed recently, projects in only nine sectors now fall under licensing provisions. De-licensed sectors include paper and newsprint; plywood, veneers and wood-based products; asbestos; animal fats and oils; and fur skins and chamois leather.

Sectors under licensing provisions are coal and lignite, electronic aerospace and defense equipment, petroleum and distillates, alcohol, drugs and pharmaceuticals, tobacco products, industrial explosives, hazardous chemicals and sugar.

In the coal sector, the government has taken an in-principle decision to fund only ongoing coal projects. Both private and public sector companies will be allowed to develop new coal mining blocks, ending the public sector's monopoly on coal mining.

Steel, telecom and oil re-

Continued on page 10

FOREIGN INVESTORS CONTINUE TO PUMP FUNDS INTO INDIA

What is India doing to facilitate investment?

Despite the economic slowdown of 1996-97 and repeated political hiccups, India has emerged as an attractive investment option for foreign investors. With China and other Asian emerging markets reportedly reaching saturation points in terms of attracting foreign direct investment, India is seen as the next-best alternative. The country was recently awarded investment grade ratings by two major international rating agencies — Moody's and Duff & Phelps.

While FDI approvals grew by only 12.7 percent in 1996, compared with 126 percent in 1995, and actual inflow was much lower at 12.6 billion rupees ($345.3 million) in 1996, compared with 33.9 billion rupees in 1995, this was mainly due to political and social disturbances and not economic frailties.

Restructuring and consolidation

Key industries, despite registering poor growth rates in 1996-97, have been undergoing major restructuring and consolidation in terms of mergers, takeovers and divestments. Tie-ups are being finalized at a rapid pace. Major Indian corporations are gearing up in terms of management structures, accounting policies and disclosure norms in order to measure up to international standards.

Says Bhupendra Kumar Modi, chairman and president of ModiCorp Ltd., "The world over, every group has one balance sheet. We were encouraged when we heard of the amendments in the company law wherein one can consolidate group companies' accounts. Keeping that in mind, we tried to bring together all our businesses under the new Modicorp."

A majority of the BK Modi group's companies currently have foreign collaborations. The two major companies in the group, Modi Rubber and Modi Xerox, have tie-ups with Continental of Germany and Xerox Corp., respectively. Other joint ventures involving group companies with foreign players are Modi-GBC, Graphtec India, Modi International Paper, Modi Telstra and Modicom.

"Today, the corporate scene is changing, and, in any business, if you do not have a global perspective, you will not survive," says Mr. Modi. "Our idea is to get Modicorp listed on the New York Stock Exchange by the year 2000." BK Modi's attitude toward globalization is shared by most of the large Indian business houses.

Indian industries of particular interest to foreign investors are high-growth sectors like automobiles and auto parts and consumer durables. Hectic activity is taking place in these two sectors. In consumer products, several Japanese and American brands, including Sony, Akai, Kellogg's, Coca-Cola and others have already become household names, while others are lining up to set up shop. The optimism and success of these companies stem from India's huge middle-

Continued on page 11

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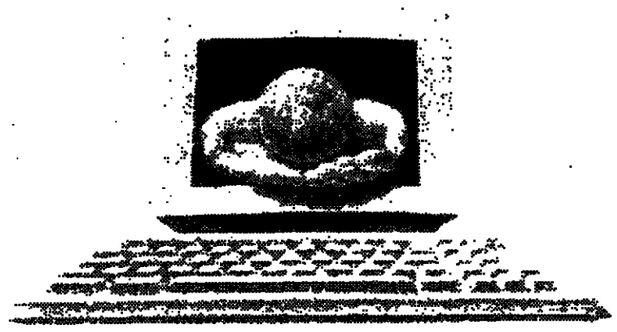

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BUILT FOR BUSINESS: INDIA

Can Tourism Live Up To Its Potential?

The industry faces a gap between promise and performance.

India is a highly attractive tourist destination. Its varied climatic zones, historical sites and diversified cultural profile are fascinating to visitors. Indians are known for their hospitality, and tourist destinations — with the exception of Kashmir — are free from terrorism and political or social unrest.

Yet India's earnings from tourism are far below that of even small countries like Singapore or Thailand. This situation is all the more surprising in light of the fact that India is also one of the world's cheapest tourist destinations.

The crux of the problem is that tourism as an industry is still in its infancy in India. Just a handful of large organized tour operators and companies focus on leisure travel. Thomas Cook, American Express, Cox and Kings (part of the Taj Group), TCI and a few others are the only ones offering the host of services needed by an international tourist; these include organizing foreign exchange, hotel and air bookings, and other travel arrangements.

Only these key players are making global marketing efforts. The government's initiatives to promote tourism have largely been staid and unfocused, although the industry is a key foreign-exchange earner, bringing in more than $2 billion a year.

Rooms needed

The next problem is infrastructure. The inadequate room availability in the five-star category is now well known. Due to the rapid growth in business travel, five-star hotels in cities like Mumbai and New Delhi remain fully booked almost throughout the year. It is estimated that the number of hotel rooms must at least double in this category by the turn of the century.

The Indian Hotel Company Limited, which manages the Taj group of hotels, is the biggest in the five-star category. More than 75 percent of its total income comes from four hotel properties, two in New Delhi and one each in Mumbai and Calcutta.

IHCL is also a market leader in airline catering, which accounts for 10 percent of its income. A new catering unit was commissioned recently in Mumbai, the one in New Delhi is undergoing major renovation and another one is being created in Calcutta. Along with Oriental Hotels Limited, IHCL has set up a company, Taj Madras Flight Kitchen P Ltd. at Chennai; Singapore Airport Terminal Services and Malaysian Airline System are the foreign partners.

Two new luxury hotels in Mumbai and Chennai are also being promoted by IHCL. The company is planning hotels at tourist destinations, including Jaisalmer, Jodhpur and Calicut.

IHCL is developing the largest convention center and hotel in the country in the Bandra-Kurla complex in Mumbai. Estimated to cost about 9 billion rupees, the project is expected to take about five years to complete.

The tourism industry's prospects are also closely linked to those of the airline industry. While the government is committed to an open aviation policy, its desire to protect the supremacy of the national carrier, Indian Airlines, is evident.

Within India, permission has been given to a number of small private airlines that operate largely on non-trunk routes. Yet when the Tata group proposed a joint venture with Singapore Airlines and planned to bring a fleet of large aircraft into the country, permission was not forthcoming.

The tourism industry views this as a setback to the sector in a country where, during the peak seasons, air bookings need to be made well in advance as availability is far short of demand.

Creating employment

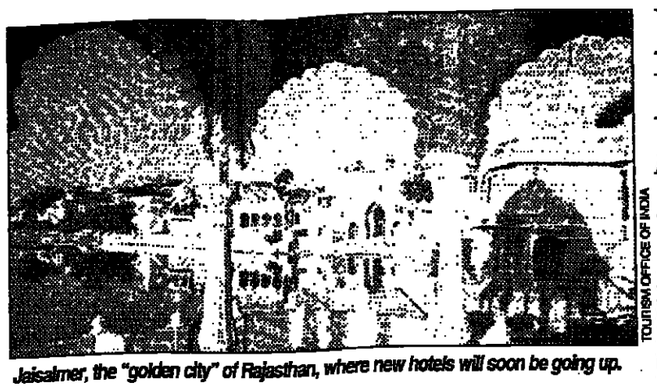
Besides being a key source of foreign exchange, the tourism industry offers immense potential for the creation of jobs. The industry provides as much scope for unskilled and semi-skilled employment as it does for skilled employment, yet another reason why tourism should be a key focus area.

In India, where the population has a strong tendency to move toward cities in search of work, developing the tourism sector would slow down the migration of labor because tourist destinations are scattered all over the country.

So far, only one institution, the Tourism Finance Corporation of India, is dedicated to funding the tourist sector. This institution restricts itself to funding large projects in the organized sector.

The government recently circulated the draft of the National Policy on Tourism, which industry experts say is too generic. They point out that high taxes on tourists in India indicate that the government continues to perceive the industry as part of the luxury category, thwarting the growth of both domestic and foreign tourism.

A recent proposal to charge a 5 percent service tax on tour operators has also been widely criticized. It appears that it will be a long time before India really unlocks the potential of its tourism sector. ●



TOURISM OFFICE OF INDIA

Jaisalmer, the "golden city" of Rajasthan, where new hotels will soon be going up.

Investing in the Building Blocks of Development

Infrastructure development is a top priority.

India needs about $200 billion to fund infrastructure development over the next five years. Of this, about $10 billion a year is expected to come from direct foreign investment. The government has set up the Infrastructure Development Finance Company (IDFC) to channel private capital toward infrastructure projects. With a 14-day "fast-track" approval policy for direct foreign investment in infrastructure already in place, other measures have followed in quick succession. The Reserve Bank of India recently withdrew the monetary ceilings and group lending norms imposed on lending agencies for project finance in the power, ports, telecom and road sectors.

Slated to start operations by the first week of October 1997, IDFC will be positioning itself at the long end of the financing structure. Banks and financial institutions may invest in infrastructure projects for a five-to-seven-year period. IDFC will step in to acquire the debt at the end of this period and roll it over for the balance period.

To begin with, IDFC will concentrate on the power and telecom sectors. Along with structuring innovative products to meet varying long-term funding needs of infrastructure projects, IDFC also plans to promote a financial guarantee company. IDFC's proposed equity holding pattern, which totals 10 billion rupees, will be broken down as follows: central government, 2 billion rupees; Reserve Bank of India, 1.5 billion rupees; Industrial & Development Bank of India, 0.5 billion rupees; other domestic financial institutions, 2.5 billion rupees; and overseas institutions and agencies, 3.5 billion rupees.

Roads, ports and power

Goods and passenger traffic in India is expected to double by 2001. A recent Asian Development Bank study concludes that over the next 10 years, India will need at least 150 billion rupees ($4 billion) just for new national highways. Maintenance of existing roads may cost another 90 billion rupees. Although the government has allowed a 100 percent foreign equity stake in road projects, most companies have negotiated joint ventures to share the risks in such investments.

Average capacity utilization at major ports is around 120 percent. The average output of conventional general cargo in India is only about 450 tons per ship a day, compared with the international standard of 1,000-1,200 tons. With a current capacity of 197 million tons for all categories of ports put together, the country needs a minimum of 350 million tons of cargo-handling capacity by 2001 and more than 540 million tons by 2006. India will need around 400 new berths in the next seven to 10 years, calling for an investment of at least 400 billion rupees, only a small fraction of which is likely to come from the government. Despite the grave funding situation, full privatization of existing ports has not yet been allowed. Full repatriation of profits for investments made in ports in India is not yet available. In view of the investment requirements, the Cabinet Committee on Infrastructure (CCI) has recently allowed port trusts that manage major Indian ports to develop new facilities in joint ventures with foreign ports. Port trusts under the central government have also been allowed to set up joint ventures with other Indian ports being developed by the private sector.

The average plant load factors of several state electricity boards (SEBs) in India are between 50 percent and 60 percent; the figure drops to as low as 25 percent in some cases. These SEBs are now evaluating different models for restructuring the existing setups. Transmission and distribution losses in India are also very high. With an installed capacity of more than 83,000 MW, supply is only about 50,000 MW.

In 1996-97, power project proposals worth $1.8 billion were approved. It must not be forgotten, however, that only two of the eight "fast-track" projects (cleared four years ago) have been commissioned so far.

There are fresh signs of investment interest in this sector, however. For instance, the Torrent group plans to invest 35 billion rupees in the power sector over the next three years. It recently entered into a strategic alliance with the MCN Energy group of the United States to float a joint venture, Torrent Power. Meanwhile, Siemens AG of Germany and PowerGen Plc have joined hands with the Gujarat-based Torrent group and Gujarat Power Corporation Ltd. to set up a 655 MW gas-based dual fuel combined-cycle power plant in Gujarat.

Currently, teledensity in India is about 1.7 percent, compared with the world average of 10 percent to 12 percent and an average of 40 percent to 50 percent among developed countries. To match the world average, India needs about $130 billion, assuming a cost of 50,000 rupees per line.

Progress in this crucial sector has been very slow because of a flawed tendering system, the overlapping roles of regulatory bodies and restrictive capital-raising norms. However, some recent initiatives have been encouraging. Several projects that were facing funding problems were stuck due to the non-assignability of telecom licenses. The recent budget made telecom licenses assignable, and the government has decided to reserve 40 percent of all air frequencies for the private sector. According to the new norms, a telecom company is allowed to fund up to 50 percent of the project cost through external commercial borrowings. ●

Key Economic Indicators

			(in billion US$)
	1995-96	1996-97	1997-98
GNP	345.2	367.0	N.A.
Inflation (WPI, weekly average)	10.9	7.6	5.4
Imports	57.92	72.58	97.11
Exports	32.37	33.05	35.05
Foreign currency assets	26.00	28.30	31.20

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Toward a Free Market

Continued from page 9

fining are some of the other key industries that have been deregulated over the past six years. Infrastructure has now been identified as a priority area for private investment, considering the colossal investment that will be required for any significant development to take place in this sector. The ever-growing funding requirements in various sectors of the economy are a major reason for the innovations in the financial sector in terms of structuring new instruments.

Disinvestment program

The government has also embarked on a disinvestment program that will decrease its stakes in major PSUs. In the 1997 budget, the government assumed a revenue of 48 billion rupees ($1.32 billion) through disinvestment of its holdings in the public sector. A Disinvestment Commission has been set up to work out the modalities. The commission shortlisted 40 major PSUs for disinvestment. Nine of these (collectively called *Navratnas*, or nine jewels) have been identified as the most attractive companies for private investment: Bharat Heavy Electricals Ltd. (BHEL), 67.72 percent government-owned; Mahanagar Telephone Nigam Ltd. (MTNL), 65.73 percent; Indian Petrochemicals Corp. Ltd. (IPCL), 59.5 percent; Steel Authority of India Ltd. (SAIL), 88.93 percent; Indian Oil Corporation (IOC), 91.04 percent; Hindustan Petroleum Corp. Ltd. (HPCL), 51 percent; Bharat Petroleum Corp. Ltd. (BPCL), 66.2 percent; Oil & Natural Gas Commission (ONGC), 96.12 percent; and Videsh Sanchar Nigam Ltd. (VSNL), 65 percent.

Foreign investment up

Numerous foreign direct investment (FDI) proposals are being cleared almost daily. Also giving momentum to the process are the investment grade ratings given to India recently by two major international rating agencies — Moody's and Duff & Phelps. Particularly intense activity is taking place in the consumer durables and automobile sectors, with major international brands like Sony, Akai, Honda, Suzuki, Kellogg, Coca-Cola and others becoming household names.

Portfolio investment has surged as well, with India considered one of the more attractive emerging markets. The recent South Asian debacle has resulted in a sharp fall in the value of some currencies against the U.S. dollar, but the Indian rupee was less affected by the impact, thereby enhancing India's relative attractiveness among emerging markets.

Portfolio investment by foreign institutional investors (FIIs) has been on the rise, owing to cuts in capital gains tax rates, an increase in the limit of portfolio investment by FIIs in corporate equity from 24 percent to 30 percent, and the permission granted to them to set up debt funds. The Union Budget announced at the end of February 1997, followed by the Credit Policy in mid-April, provided additional boosts. While the budget further slashed tax rates (personal as well as corporate) and duty rates, the credit policy realigned lending norms in line with changing ground realities, providing greater operational flexibility to the banking sector.

As a natural fallout of major policy initiatives that propelled foreign investment into the country, forex reserves have shot up, exceeding $30 billion in mid-August 1997.

A fully convertible rupee

Making the Indian rupee fully convertible will ease the flow of foreign money in and out of the country and will be a major step in the process of liberalization. The rupee is now convertible only on the current account, but the government has already chalked out a plan to make the currency fully convertible on the capital account as well by the year 2000.

To begin with, the government plans to replace the existing Foreign Exchange Regulation Act with the Foreign Exchange Management Act. This will eventually lift controls on cross-border trade and financial transactions, truly integrating India with the world. ●

BUILT FOR BUSINESS: INDIA

REFORMS SHAKE UP BANKING AND FINANCE

The entry of foreign players has fueled competition and set new standards.

While India's banking sector has been historically dominated by public sector banks, the process of liberalization has begun to transform the sector. In the past few years, clear guidelines for setting up banks in the private sector have enabled local entrepreneurs to enter the business.

The policy is to encourage entrepreneurs in banking and financial services to set up banks. The minimum seed capital required is 1 billion rupees ($27.4 million). New banks that have been set up according to these guidelines include HDFC Bank, ICICI Bank, UTI Bank, Global Trust Bank, Times Bank, IndusInd bank and a few others.

A boost for foreign banks

The government is also encouraging foreign banks. Although permission for a foreign bank to set up operations in India continues to be largely at the discretion of the Reserve Bank of India (RBI), the number of permissions given is increasing, and the files are moving much faster.

Foreign banks have demonstrated a higher level of operating efficiency than their local competitors. The former have developed a niche in many nonfund-based businesses. Citibank, Standard Chartered Bank, ANZ Grindlays Bank and Bank of America have revolutionized retail banking in India.

Reforms in the banking sector took off when the Narasimham committee submitted its recommendations for improving the efficiency of the system in operations, accounting and accountability.

Recommendations included deregulation of interest rates, both on the deposit mobilization and lending fronts; reduction in statutory reserve requirements; introduction of capital adequacy norms and prudential norms relating to income recognition; asset classification and provisioning; and other measures.

Increased transparency

The impact of the above steps and others initiated since 1991 is being seen in increased competition among banks, as well as in increased transparency and accountability in operations. With a new focus on service quality and technology, banks now place more emphasis on credit risk and general risk management. With the services of banks, financial institutions and nonbanking financial companies gradually beginning to overlap, competition is intensifying. The greatest beneficiaries of this are, naturally, the customers.

Financial institutions' interest in banking activities like short-term borrowing and lending has received mixed reactions from the banking community. Says Parmir Selvam, chairman of Union Bank of India, "Working capital lending is basically a retail activity. Financial institutions are not endowed with a retail network."

He may be right. The Union Bank of India, for instance, has an extensive network of 2,032 branches, having doubled in size between 1993 and 1996. Of these, 414 branches have been computerized. While the International Service Branch of the bank has already been fully computerized, telebanking facilities have been made available to some branches in Mumbai. Banks also have the ability to access low-cost deposits, an advantage that financial institutions and nonbanking finance companies lack.

With the onslaught of new products and services introduced by foreign banks, Indian banks have been left with no choice but to keep pace. Facilities like credit cards and 24-hour banking have now become common. Banks have also entered consumer financing and investment banking activities. Automation levels have gone up substantially, and the focus is shifting from the traditional business of borrowing and lending to the offering of complete financial packages and technology-backed retail products.

Taking the reform process a step further, the slack-season Credit Policy announced in April 1997 has removed several more constraints. Major policy changes include the scrapping of the maximum permissible bank-finance system of working capital financing; withdrawal of the obligation to form a consortium for extending credit beyond 500 million rupees; removal of cash-reserve-ratio and statutory-liquidity-ratio requirements on interbank liabilities; removal of caps on banks' investment in debentures and loans to nonbanking financial companies that fulfill RBI stipulations; and the reduction of bank rates and the linking of the interest rate on rupee deposits of up to one year to the bank rate (currently 10 percent).

Banks now have much more flexibility in developing their credit system as well as in asset-liability management. The bank rate has evolved as an effective signal rate as well as a reference rate, and the debt market has received a boost thanks to the greater freedom allowed to the players.

Authorized dealers in foreign exchange now have greater access to investment in the overseas money market. Current policy trends indicate that further relaxation in norms for raising foreign debt by Indian companies is likely.

Capital markets

With the primary equity market in the dumps for more than two years, debt issues have been rampant in recent months. In the secondary market, the positive policy measures initiated in budget and credit policy announcements accelerated trading activity. The permission given to foreign portfolio investors to set up debt funds and hold equity in Indian companies of up to 30 percent (earlier restricted to 24 percent) is expected to provide further depth to the equity and debt markets. At the same time, the depositories culture is spreading fast.

On the institutional front, the Bombay Stock Exchange recently received permission to expand the Bombay On-Line Trading (BOLT) system to 99 centers. However, the National Stock Exchange, the country's premier stock exchange, which has an extensive geographical reach through satellite, does not appear threatened in any way.

"We don't think that the BOLT expansion will affect us in any major way," says R.H. Patil, managing director of the NSE. "And, after all, quality of service is more important. NSE had started operations in Mumbai, and even before we spread to other centers, we had already exceeded BSE trading volumes — which means that customers like us."

A mandate for efficiency

NSE's mandate is to create the technological and institutional infrastructure that would foster liquidity and market efficiency in India's financial markets. In April 1996, NSE created the first clearing corporation in the country — the National Securities Clearing Corporation.

The NSE worked closely with other financial institutions to create the National Securities Depository Ltd., which began operations in November 1996.

Speaking of NSE's future plans, Mr. Patil says: "Besides the expansion plans, we are doing the ground work for introducing futures and options trading. However, how long it will be before we can actually start is difficult to say since the report on the subject is still under debate." ●

FOREIGN INVESTMENT

Continued from page 9

class population and its increasing disposable income.

The auto sector has seen an influx of foreign investment in the passenger car segment as well as in auto parts. Low labor costs and a growing market for new models have proved to be major advantages for foreign investment in this sector. Big names that have already lined up huge further investments in the passenger car segment include Daewoo, Peugeot, Mercedes Benz, Ford and General Motors.

In auto parts, Fitchel & Sachs AG of Germany (the largest manufacturer of shock absorbers in the world) is linking up with Sirmour Sudburg Auto Ltd., while Toyo Radiator Co. Ltd. and Mitsubishi Corporation are joining up with Tata Auto Components. Hyundai Electronics has also finalized plans; Toyota Motor Corporation is joining hands with the Kirloskar group to invest between $700 million and $800 million in this sector.

Evidently, the poor economic performance indicators for 1996-97 belie the burst of activity taking place. Since 1991, India has approved about 11,000 foreign collaborations, worth $38 billion. The industry minister expects $5 billion worth of FDI this year, compared with $2.4 billion last year.

Policy changes

Although disappointing in terms of growth parameters, 1996-97 was marked by several policy-level changes. Several changes were incorporated recently in FDI norms to further accelerate inflows, which have been languishing at around 20 percent of approval figures.

The Foreign Investment Promotion Board will now consider 74 percent foreign equity in FDI proposals, keeping in view capital requirements and technology, and will give priority to proposals in infrastructure, export, agriculture and health care.

One hundred percent wholly owned foreign subsidiaries will now also be allowed in high-tech areas, consultancy services, holding companies and trading companies. In addition, temporary approval in nonpriority areas will also be allowed, provided that up to 26 percent of the foreign stake is diluted within three to five years. Foreign airlines will be allowed a 26 percent stake in domestic ventures. With a six-week timeframe for consideration of FDI proposals, the FIPB will no longer make any post-facto changes in approval conditions.

In a recent move, the government also permitted FDI in foreign-exchange brokerages and expanded the list of industries qualifying for automatic approval involving up to 100 percent equity investment by nonresident Indians and overseas corporate bodies.

Permission for FDI in foreign-exchange brokerages signals a further opening up of the financial services sector, which has been relatively slow in attracting foreign investments. ●

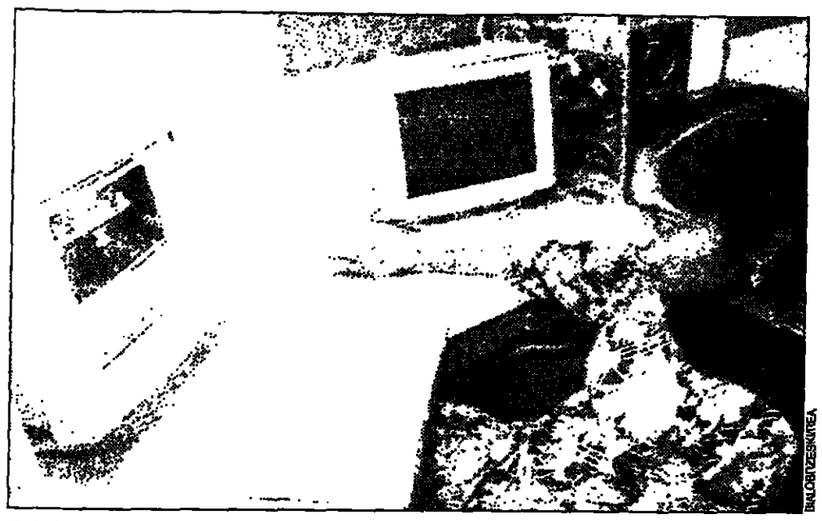
"BUILT FOR BUSINESS: INDIA"
was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: *Debashis Basu is based in Bombay.*
PROGRAM DIRECTOR: *Bill Mahder.*

INFORMATION TECHNOLOGY: INDIA'S PROFESSIONALS RANK AMONG THE WORLD'S BEST

The use of English following colonial rule has given India a head start in the field of information technology. In this human-resource-intensive business, Indian IT professionals are currently ranked among the best in the world. The Indian IT industry is also very cost-competitive. The key issues facing the industry these past years have been the need to generate adequate skilled manpower and to create sufficient infrastructure to meet the growing needs of the industry. These goals are now being realized.

India's vast middle class is becoming rapidly oriented toward computer education, enabling the country to increase the supply of skilled manpower. Indians are now finding that computer education is a successful passport to a good job. The statistics on the IT industry speak for themselves. According to the International Data Corporation, the IT sector in India is projected to gross a total turnover of 193 billion rupees ($5.3 billion) in the current financial year, which translates into a growth of 36 percent over the previous year. While this is less than the phenomenal 61 percent growth posted in the previous year, the figure in absolute terms is still far higher than growth posted by any other industry sector. Furthermore, within the IT industry, the computer-training segment posted a phenomenal growth of 44.56 percent during 1996-97.

India is finally investing heavily in IT infrastructure. Many state governments — like those of Karnataka, Tamil Nadu, Kerala, Maharashtra and Orissa — are taking steps to set up "information technology parks" to promote software exports. The state governments are using generous incentives to woo technocrat entrepreneurs to set up ventures in these parks. Karnataka state's capital, Bangalore, is even known as the "Silicon Valley of India." In a bid to retain this pre-eminence, the Karnataka government has exempted entry and purchase tax on computer hardware, peripherals and other capital goods, including captive power generating sets.



India is poised to reap the benefits of its investment in computer education in the immediate future.

The growth in IT infrastructure, together with the availability of a maturing and increasingly skilled work force, is enabling Indian software companies to move from plain "body shopping" (sending IT personnel to client sites) to offering full project-management capabilities.

With the computer-software segment booming, the growth in demand for computer hardware is also increasing, but local hardware manufacturers using dated technology are having a hard time competing with imports. Large multinationals like Compaq, Digital, Acer and IBM are cashing in on this opportunity.

Wipro Infotech, which deals in both software and hardware, tops the list of Indian IT companies. In second position, Tata Consulting Services focuses on software and is the undisputed leader in the computer software sector. NIIT, number six, and Aptech, number nine, are India's leaders in computer education.

Given the dynamics of the computer market, this list is sure to grow rapidly. Infosys Technologies — perhaps the most admired IT company, with a turnover of 1.44 billion rupees — does not figure in the list. The company posted sales growth of 54 percent last year and is poised to maintain the high growth trend. Infosys hopes to be the first company in India to obtain a listing on a U.S. stock exchange. Obviously, the Indian IT industry's ambitions are truly global. ●

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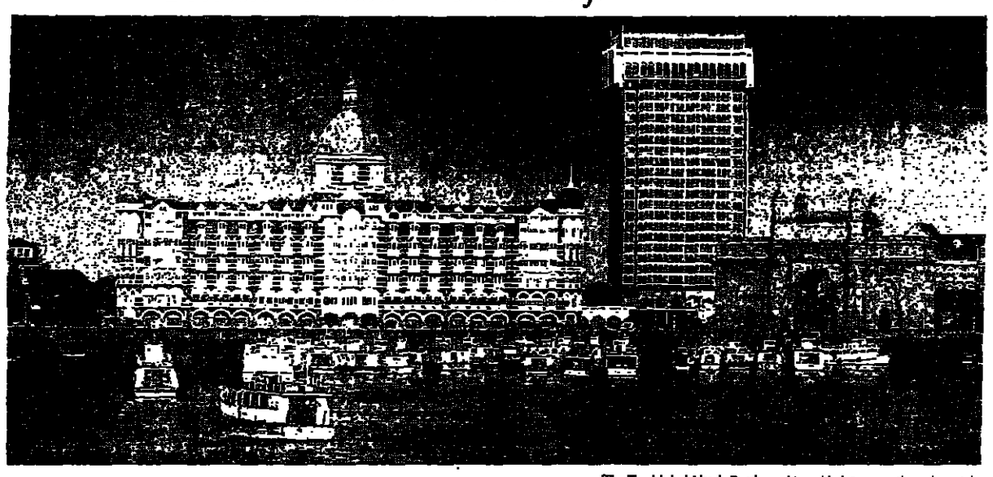

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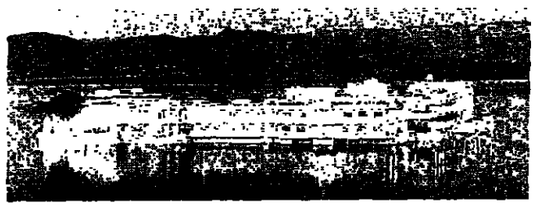

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2 U.S. Firms Find Listing In Tokyo Too Costly

Reuters

TOKYO — Two leading U.S. companies turned their backs on the lackluster Tokyo stock market Friday as they applied to delist their shares from the exchange.

Anheuser-Busch Cos. and Chrysler Corp. said they had applied for the delisting, saying that sluggish trading volume in their shares here had not justified the high costs of maintaining a listing.

"The costs involved in maintaining its listing in Tokyo were unjustifiable as the number of local shareholders had been far below the company's expectations," Anheuser-Busch said in a statement.

Chrysler also cited the low trading volume of its shares on the Tokyo exchange and the high cost of maintaining the listing.

The Tokyo stock exchange, which has suffered a series of departures from the market by foreign companies, said the two companies' shares would be delisted at the end of the year.

So far this year, only one company has joined the bourse's foreign section, while eight companies — including such blue chips as AT&T Corp. and Texas Instruments Inc. — are due to leave.

The delistings will cut the number of foreign companies on the Tokyo exchange to 60.

Japan weighs tax cuts on corporate income and real-estate and securities transactions. Page 17.

Emmanuel Dunand/Agence France-Presse
Anwar Ibrahim, Malaysia's finance minister, left, with Mar'ie Muhammad, his Indonesian counterpart, Friday.

ASEAN States Seek Regional Fund

By Thomas Crampton
Special to the Herald Tribune

BANGKOK — Stung by the continuing sharp fall of the region's currencies, the Association of South East Asian Nations will push for an economic stability fund next week at the annual meeting of the International Monetary Fund and World Bank, a leading Philippine official said Friday.

Malaysia's deputy prime minister and finance minister, Anwar Ibrahim, meanwhile, called for international regulations to curb the power of "gunslinging" hedge funds that speculated on currencies.

The developments came at the end of a meeting here between Asian and European finance ministers.

Officials from several countries voiced support for a regional fund to bail out troubled economies and help them fend off speculative attacks in financial markets.

At the same time, they acknowledged the difficulties.

"We don't have the expertise, we don't have the technical know-how," said Thanong Bhidaya, finance minister of Thailand. "We just know that when one of us is in trouble, the others should pack together and help."

Roberto de Ocampo, secretary of finance of the Philippines, said the so-called ASEAN Fund could be set up as soon as a year from now and would complement the role of the International Monetary Fund. He said it would not be a war chest to fight market trends or speculators.

Discussions will be held next week about the regional fund with top IMF officials, Mr. Ocampo said, and Japan, China, Australia and New Zealand will be invited to join.

"The participation of Japan and China will be absolutely key," he said.

Regional cooperation has been modest in the face of the turbulence that swept through Southeast Asia's economies this summer, pulling down currencies and stock markets.

Since Thailand floated the baht July 2 in a de facto devaluation that has sliced off one-third of the currency's value against the dollar, the Malaysian ringgit, the Indonesian rupiah and the Philippine peso also have hit a series of record lows.

See FUND, Page 17

IMF Pushing to Open East Asian Markets

But Nations Appear Reluctant

By Alan Friedman
International Herald Tribune

HONG KONG — Even as fears grow among East Asian officials of the risks of opening up their capital markets, the International Monetary Fund is planning to push strongly in the opposite direction.

On Sunday, the IMF's policy-setting Interim Committee is expected to endorse a proposal aimed at gradually phasing out capital controls in a number of developing countries.

The proposal involves amending the IMF's articles to allow the organization to play a broader role in working with developing countries to liberalize their capital markets, according to Stanley Fischer, first deputy managing director of the IMF.

In a speech here ahead of the start of the annual IMF and World Bank meetings, Mr. Fischer on Friday acknowledged the belief of some Asian officials — stung by recent market turmoil and attacks on currencies by speculators — that open capital markets could be the source of economic difficulties and thus prove more of a risk than a benefit.

But he emphatically rejected this fear, arguing that "the benefits of liberalizing the capital account outweigh the potential costs."

He added that the IMF was prepared to work closely with governments to make sure liberalization "is carried out in an orderly, nondisruptive way."

Opening capital markets in a step-by-step way, Mr. Fischer said, "is an inevitable step on the path to development, which cannot be avoided and therefore should be adapted to."

Among the benefits that he said would come from more open capital markets were the ability of governments to borrow and lend on more favorable terms, in more sophisticated markets, while making their domestic markets more efficient, helping economies to grow more rapidly and in a more sustainable manner.

Officials attending the meetings here said that a separate but parallel issue was the negotiation in Geneva to liberalize financial services markets by allowing greater entry by international banks, insurance companies and securities firms.

These talks, under the aegis of the World Trade Organization, have run into trouble because of the reluctance of several East Asian governments, along with Brazil and India, to agree to a deal by the Dec. 12 deadline.

The United States and others lobbying for liberalization in this sector are hoping for a last-minute deal.

They point to a special clause being proposed that would allow some exemptions in times of crisis.

In Geneva, an aide to Renato Ruggiero, director-general of the WTO, said Friday that the search for a compromise continued and that "the mood is positive, and no country has indicated a reluctance to participate in the accord."

On Monday, the WTO will publish a study arguing that financial-services liberalization can have a stabilizing economic effect provided there is adequate regulation and transparency in the market being opened.

Peter Sutherland, chairman of Goldman Sachs International and Mr. Ruggiero's predecessor as WTO chief, said Friday that financial-services liberalization was "the cure, not the cause" of East Asian difficulties.

"Given recent experience in currency and stock markets in parts of Asia it is perhaps understandable that governments have an instinctive tendency to blame external influences and existing levels of openness and to find it politically difficult to envisage going further in the liberalization of financial services," Mr. Sutherland said in a speech at an IMF seminar here.

But he concluded that "if that is the case, then it is both a faulty analysis and a wrong conclusion."

In his remarks here Friday, the IMF's Mr. Fischer also conceded that the availability of rescue money from the IMF and other sources for financial crises could create "a moral hazard."

In his view, he said, such money could induce the private sector to be too willing to lend on the assumption that "a country in trouble will go to the Fund rather than default."

ECONOMIC SCENE

Jiang's Blueprint: What's He Up To?

By Peter Passell
New York Times Service

Karl Marx envisioned the withering away of the state as the final stage of the socialist revolution. But it is unlikely he had in mind today's China, where President Jiang Zemin has just broadened the definition of "public ownership" to include publicly held private companies and announced that the vast majority of state-owned enterprises would soon be left to the fate of the free market.

What Mr. Jiang meant is not yet clear. "Everybody's calling it 'privatization,' which may not be the case," cautioned Robert Dernberger, director of the Center for Chinese Studies at the University of Michigan.

"All we really know is that Jiang made it politically correct to sell shares" in all but a handful of enterprises, he said.

But Jeffrey Sachs, director of the Harvard Institute for International Development, said: "They've reached the conclusion that state ownership won't work; China is now committed to free markets."

China has been experimenting with its own eclectic mix of capitalism and socialism since 1979. The first step was the liberalization of agriculture, replacing communes with long-term land leases.

That permitted peasants to keep the proceeds from their extra production, nearly duplicating the incentives of private enterprise while maintaining state ownership of land. It paid off: Farm output grew 5 percent annually from 1978 to 1995, even as the proportion of the work force engaged in agriculture fell to 53 percent from 72 percent. In the second wave of near-capitalist reforms, small, community-owned industrial enterprises were permitted to blossom, absorbing much of the labor freed by productivity gains in agriculture.

"Special economic zones" — free markets by another name — were created in southern coastal cities, and their success induced around 90 other cities to demand partial exemption from Beijing's rules on labor, taxes and foreign investment.

Strikingly, though, the growth of free enterprise did not come at the expense of the socialist sector. Always viewed by the Communist leadership as its political base, state-owned industry has been coddled with government orders and capital.

Thus, while the portion of gross domestic product generated by the state fell to just 34 percent in 1994 from 78 percent in 1978, both employment and output in government enterprises actually grew. Today (as in the early 1980s) roughly one Chinese adult in five works for the state.

But the state sector is hardly healthy. Since the mid-1980s, managers have been granted freedom to produce what they want and sell it for what the market will bear — as long as they maintain the "iron rice bowl" guarantees of employment and minimum living standards.

The catch, argues Harry Broadman, a senior economist at the World Bank, is that state enterprises rarely confront a "hard budget constraint."

State enterprises were allowed to convert the fruits of their successes into wages and bonuses but were bailed out with loans or direct subsidies when they failed.

This neither-fish-nor-fowl character of China's state enterprises has produced much the same effect that "perestroika" had in the last days of the Soviet Union: Managers routinely played the system by taking out loans they could not repay, counting unsaleable products as inventory — or simply selling off assets to meet expenses.

The big difference, Mr. Sachs argues, is that China could carry its state sector because the business sector outside the state was so large and growing so rapidly. Why, then, the latest, seemingly radical, pronouncements on reform?

One possibility is that Mr. Jiang is

See CHINA, Page 17

China Telecom Share Offering May Raise Up to $3.7 Billion

Bloomberg News

HONG KONG — China Telecom (Hong Kong) Ltd. may raise as much as $3.7 billion in its initial share sale, almost twice the original goal, according to Goldman Sachs Hong Kong, the sale's lead underwriter.

The increase underlines just how popular the sale will be as investors scramble for their first opportunity to bet directly on China's fast-growing telephone market.

At a stroke, China Telecom, a unit of the Ministry of Posts and Telecommunications, would become the seventh-biggest listed company in Hong Kong, with a market value of up to $14.8 billion, Goldman said in a report this week, predicting that its shares will be worth as much as 9.55 Hong Kong dollars ($1.23) apiece.

The listing in Hong Kong has received approval from the territory's exchange. The shares are likely to begin trading Oct. 22 or 23, one of the underwriters said.

The company has said it plans to sell a quarter of its share capital to investors in Hong Kong and New York for the listing.

Goldman Sachs estimates China Telecom will have a total share capital of 12 billion shares.

Chagall

The Evelyn Sharp Collection of Modern Art

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Wednesday, November 12, 1997

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Oil on canvas
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$2,500,000-3,500,000

Highlights from our forthcoming Impressionist and Modern Arts sales will be exhibited in the following cities:

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Tokyo October 1–3
Zurich October 8–10
Paris October 13–14
London October 17
Tel Aviv October 18–23
Los Angeles October 21–23
Chicago October 28–30
New York November 7–12

SOTHEBY'S

CURRENCY & INTEREST RATES

Cross Rates

Sept. 19

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.996	3.2125	1.126	0.3352	0.1154*	—	5.4565*	1.3687	1.6381*	1.4375	1.335*
Brussels	36.7025	59.1275	20.6375	6.143	2.1154*	18.328	—	25.085	0.3024	26.39	24.46*
Frankfurt	1.783	2.8692	—	0.2977	0.1025*	0.8881	4.8455*	1.2157	1.4453*	1.28	1.1859*
London (a)	1.6093	—	2.8584	9.5753	2,780.70	3.2094	58.8238	2.3454	196.8067	2.2357	240.35
Madrid	158.869	241.311	84.356	25.112	8.645*	74.915	4.0877	102.534	123.473*	107.94	—
Milan	1,738.20	2,792.85	975.40	290.48	—	866.33	47.299	1,185.28	14.306	1,248.60	11.578
New York (b)	—	1.6115a	1.7753	5.9635	1,733.88	1.999	36.64	1.4625	122.25	1.3893	149.84
Paris	5.976	9.6095	3.3592	—	0.3443*	2.9833	0.1628	4.0831	4.9169*	4.2984	3.982*
Tokyo	122.40	196.86	68.85	20.50	0.706	61.15	3.337	83.63	—	88.01	0.8165
Toronto	1.3892	2.2367	0.782	0.2329	0.0803*	0.6949	0.379*	0.949	1.1367*	—	0.927*
Zurich	1.4572	2.3467	0.8227	0.2449	0.0843*	0.7304	3.9826*	—	1.1931*	1.0487	0.9748*
1 ECU	1.1062	0.6879	1.968	6.6108	1,920.38	2.216	40.6121	1.6191	134.45	1.538	166.021
1 SDR	1.3880	0.8605	2.4254	8.129	2,361.31	2.7249	49.9967	1.9959	166.361	1.8984	204.149

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York rates at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9998	Greek drac.	280.80	Mex. peso	7.749	S. Afr. rand	4.678
Australian $	1.3887	Hong Kong $	7.7413	N. Zealand $	1.5773	S. Kor. won	913.80
Austrian sch.	12.517	Hung. forint	194.26	Norw. krone	7.2134	Swed. krona	7.6129
Brazil real	1.0937	Indian rupee	36.345	Phil. peso	33.70	Taiwan $	28.60
Chinese yuan	8.3173	Indo. rupiah	2970.0	Polish zloty	3.42	Thai baht	35.55
Czech koruna	33.30	Irish £	0.6741	Port. escudo	180.75	Turkish lira	170520.
Danish krone	6.738	Israeli shek.	3.502	Russ ruble	5857.9	UAE dirham	3.6725
Egypt. pound	3.3983	Kuw dinar	0.302	Saudi riyal	3.75	Venez. boliv.	495.75
Fin. markka	5.3062	Malay. ring.	3.0334	Sing. $	1.518		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6062	1.6039	1.6021	Japanese yen	121.02	120.44	119.99
Canadian dollar	1.3875	1.3849	1.3828	Swiss franc	1.4618	1.4602	1.4591
Deutsche mark	1.7755	1.7717	1.7686				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo);

Libid-Libor Rates

Sept. 19

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5½ - 5⅝	3⅛ - 3¼	1⁹⁄₁₆ - 1¹¹⁄₁₆	7⅛ - 7¼	3⅛ - 3¼	⁷⁄₁₆ - ½	4⅛ - 4¼
3-month	5⁹⁄₁₆ - 5⅝	3¼ - 3⅜	1⅝ - 1¾	7³⁄₁₆ - 7⁵⁄₁₆	3³⁄₁₆ - 3⅜	½ - ⅝	4³⁄₁₆ - 4⁵⁄₁₆
6-month	5¹¹⁄₁₆ - 5¾	3⁵⁄₁₆ - 3⁷⁄₁₆	1¹¹⁄₁₆ - 1¹³⁄₁₆	7⅜ - 7½	3¼ - 3½	½ - ⅝	4⁵⁄₁₆ - 4⁷⁄₁₆
1-year	5¹³⁄₁₆ - 5¹⁵⁄₁₆	3½ - 3⅝	1¾ - 1⅞	7½ - 7⅝	3⁹⁄₁₆ - 3¾	⁹⁄₁₆ - ⅝	4⅜ - 4½

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5¼	5½
90-day CDs dealers	5.59	5.59
180-day CP dealers	5.50	5.50
3-month Treasury bill	4.92	4.96
1-year Treasury bill	5.17	5.18
2-year Treasury bill	5.80	5.79
5-year Treasury note	6.00	6.00
7-year Treasury note	6.04	6.04
10-year Treasury note	6.08	6.09
30-year Treasury bond	6.37	6.40
Merrill Lynch 30-day RA	5.08	5.08
Japan		
Discount rate	0.50	0.50
Call money	0.44	0.44
1-month interbank	0.62	0.62
3-month interbank	0.54	0.54
6-month interbank	0.54	0.54
10-year Govt bond	2.19	2.18
Germany		
Lombard rate	4.50	4.50
Call money	3.13	3.15
1-month interbank	3.22	3.22
3-month interbank	3.31	3.31
6-month interbank	3.47	3.45
10-year Bund	5.55	5.52

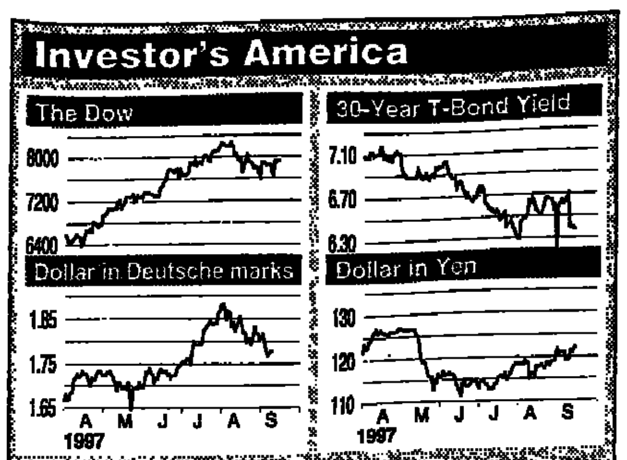
Britain		
Bank base rate	7.00	7.00
Call money	7.00	7.00
1-month interbank	7³⁄₁₆	7.00
3-month interbank	7⁵⁄₁₆	7¼
6-month interbank	7⁷⁄₁₆	7⁷⁄₁₆
10-year Gilt	6.68	6.62
France		
Intervention rate	3.10	3.10
Call money	3³⁄₁₆	3³⁄₁₆
1-month interbank	3¼	3¼
3-month interbank	3⁵⁄₁₆	3⁵⁄₁₆
6-month interbank	3⁷⁄₁₆	3⁷⁄₁₆
10-year OAT	5.48	5.45

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	320.85	322.00	+ 1.10
London	321.15	322.05	+ 1.20
New York	323.20	323.00	+ 0.30

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)
Source: Reuters.



Exchange	Index	Friday @4 P.M.	Prev. Close	% Change
NYSE	The Dow	7917.27	7922.72	-0.07
NYSE	S&P 500	950.50	947.42	+0.33
NYSE	S&P 100	916.46	912.93	+0.39
NYSE	Composite	496.56	495.41	+0.23
U.S.	Nasdaq Composite	1680.37	[illegible]	+0.62
AMEX	Market Value	686.94	686.80	+0.02
Toronto	TSE Index	6962.70	6972.30	-0.14
São Paulo	Bovespa	11639.08	11588.54	+0.44
Mexico City	Bolsa	5144.12	5090.07	+1.06
Buenos Aires	Merval	832.62	824.28	+1.01
Santiago	IPSA General	Closed	5528.89	
Caracas	Capital General	10757.42	10652.58	+0.98

Source: Bloomberg, Reuters — International Herald Tribune

An Indictment for Intimidation

Grand Jury Says Stock Promoter Sought 'Accident' for Witness

By Jerry Knight
Washington Post Service

WASHINGTON — A federal grand jury in Las Vegas has indicted a stock promoter on charges of having tried to arrange an "accident" for an accountant who had testified against him.

The grand jury alleged that Barclay Davis, a stock promoter linked to the collapse of Systems of Excellence Inc., tried to have the accountant pushed down a stairway to discourage him from assisting a government investigation of stock fraud on the Internet.

Mr. Davis was ordered held without bond after lawyers for the Securities and Exchange Commission made public transcripts of wiretapped conversations in which Mr. Davis apparently discussed killing the accountant, Merle Finkel, but said it would be better if he were only injured. An injury, he was quoted as saying to another person who was not identified in the transcript, "could send the right message."

"You know, Finkel just needs to fall down the stairs," Mr. Davis said, according to the transcript. "He slipped and fell; have a witness there to say they saw him take a slip, and that's the end of it. It's a perfect setting, the stairs are far enough down, he takes that flight of stairs, he's going to end up with broken bones."

Mr. Finkel prepared financial statements for Systems of Excellence, a Virginia-based video-teleconferencing company known by its stock-trading symbol, SEXI. The company filed for bankruptcy-law protection last year and went out of business, wiping out the investment of shareholders.

Mr. Davis is the fourth person to be indicted as the result of an inquiry by a federal task force on securities fraud over the Internet.

The investigation is being conducted by the SEC, the Internal Revenue Service and U.S. attorney's offices in Las Vegas and in Alexandria, Virginia. Systems of Excellence was one of at least a dozen small companies whose stock prices allegedly were manipulated by electronic newsletters touting the shares.

The company's chairman, Charles Huttoe, pleaded guilty to securities fraud in the spring and is serving a federal prison sentence in Florida. Last week, the editor of an electronic newsletter that touted the firm's stock, who also pleaded guilty to securities fraud, was sentenced to a year in prison.

Mr. Finkel, the accountant allegedly targeted by Mr. Davis because of his testimony, also has pleaded guilty to securities-law violations but is free on bond pending sentencing.

Lower Profit Forecasts Leave Equities Mixed

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were mixed Friday as Union Carbide, Rubbermaid and others warned of slowing sales or unexpectedly weak profit.

Trading was dominated by the quarterly "triple witching" expiration of stock options, index futures and index future options.

"Trading is mostly going to be dominated by triple witch," said Rich Ciardullo of Liberty Investment Management as the trading intensified. "Things like Nike and Union Carbide will stand alone."

Nike zigzagged wildly after the company said sales of sneakers and sporting goods could fall short of company targets this year. The stock finished down 7/16 at 54 7/16.

The Dow Jones industrial average finished down 5.45 points at 7,917.27. Declining issues barely outnumbered advancers on the New York Stock Exchange.

The broader Standard & Poor's 500-stock index gained 3.21 points at 950.50, while the technology-laden Nasdaq composite index was up 7.01 at 1,680.37.

Union Carbide led the decline, dropping 4 1/16 to 49 9/16, following its late Thursday warning of disappointing third-quarter profit.

Gillette rose 3 15/16 to 8 11/16 after saying it would buy back more than 4 percent of outstanding shares.

Stocks are bolstered by the underlying soundness of the economy, said Joseph DeMarco of HSBC Asset Management. "When you consider the backdrop of inflation and growth, the market still has the ability to set new highs."

Adobe Systems rose 4 to 49¾ after the graphics software developer said third quarter profit rose and it would buy back up to 15 million shares during the next two years.

Rubbermaid rose ⅛ to 26 despite an announcement from the maker of plastic housewares and other products that third-quarter earnings were likely to fall by 18 to 19 cents a share, below consensus forecasts.

Compaq Computer rose on investor applause over the personal-computer maker's alliance, an-

U.S. STOCKS

nounced late Thursday, with Intel to develop products aimed at reducing bottlenecks in computer networks.

Roberts Pharmaceutical fell after the company said it expected to report a third-quarter loss as a result of higher-than-expected legal costs, increased marketing costs and delayed sales of products due to back orders with third-party manufacturers.

Bonds climbed for the fifth time in six days, amid expectations that the economy will grow without speeding inflation.

"The market has reason to be optimistic," said Lauren Best at Advisers Capital Management.

The benchmark 30-year Treasury bond rose 10/32 to 99 31/32, cutting its yield to 6.37 percent from 6.40 percent Thursday.

"The rally is as expected, given the incredible inflation performance," said Steve Merrell at American Express Financial Corp. Yet, the gains make the market more vulnerable to any signs of rising prices or robust growth, he said.

"We're right at fair value," he said. "Any negative inflation surprise and you'd see a dramatic response." It could send yields as much as 30 basis points higher, he said.

More investors are coming around to the view that the Federal Reserve Board will not raise interest rates again this year.

"The odds of a Fed tightening this year have gone down," said Michelle Laughlin, bond strategist at Prudential Securities. She said yields on 30-year bonds could fall to 6 percent by year-end.

But other bond traders were holding out. "I'm a bit stunned by this rally because I don't think anything has changed to justify it," said Tom Seay of Lexington Management Corp. "We still have a very strong economy and yet the inflation numbers continue to be a surprise."

(Bloomberg, AP)

Very briefly:

United Trims Travel Agency Fees

NEW YORK (Combined Dispatches) — United Airlines Inc. has cut travel agency commissions to 8 percent from 10 percent for all tickets sold in the United States, saying it did so to save $80 million to $100 million annually in order "to survive and succeed" in the global marketplace.

United said the change would have no effect on ticket prices for passengers.

Stunned by the unexpected cuts, which take effect Friday, the 28,500-member American Society of Travel Agents promptly denounced the move as "deplorable and shortsighted."

Meanwhile, United said that it could soften its stance on the proposed global alliance between British Airways and American Airlines if certain changes were made in the terms of the accord, notably access to slots at London's Heathrow Airport. *(NYT, Reuters)*

- U.S. per capita personal income rose faster than the national inflation rate in every state last year except Alaska and Hawaii, Commerce Department figures showed. Nationwide, per capita income rose 4.6 percent in 1996, above the 2.4 percent increase in consumer prices.
- **Gillette Co.** said it planned to buy back as many as 25 million shares, or about 4.5 percent of its shares outstanding, at a time when the consumer products company's earnings are under pressure and its stock has tumbled from a midsummer record. Gillette said it would make the purchases over the next two years in both private and open-market transactions.
- **Food Lion Inc.** is ending a troubled venture into the Southwest, closing 61 stores in Texas, Oklahoma and Louisiana and eliminating 3,100 jobs.
- **The Securities and Exchange Commission** is promoting changes that would expand the range of topics shareholders can propose for consideration at companies' annual meetings to include "significant social policy matters," such as hiring policies. *Bloomberg, AP*

Westinghouse Adds to Radio Chain

Bloomberg News

PITTSBURGH — Westinghouse Electric Corp. agreed Friday to buy the broadcast operations of American Radio Systems Corp. for $2.6 billion, adding to its growing radio station business.

Westinghouse, which also owns the CBS television network, will pay $44 a share in cash, or $1.6 billion, and assume $1 billion in debt. Before the transaction is completed, American Radio will spin off its radio and telephone tower business to shareholders.

The agreement adds 98 stations to Westinghouse's CBS Radio unit, giving it a total of 175. American Radio is the fifth-largest radio station operator in the United States. Westinghouse became the No. 1 radio company in the United States last year with its $3.8 billion acquisition of Infinity Broadcasting Inc.

Westinghouse shares rose 18.75 cents to close at $26.1875. American Radio fell $4.5625 to $47.3125.

Westinghouse said the deal should be completed by June.

It said the 98 stations covered in the terms of sale included some pending station purchases.

"The acquisition of American Radio," said Mel Karmazin, chief executive of CBS Radio, "is financially and strategically attractive for CBS. This investment will significantly strengthen CBS's position in the fast-growing radio industry."

Currency Traders Doubt G-7 Will Provide Surprises

Compiled by Our Staff From Dispatches

NEW YORK — The dollar gained against the yen but slipped against the Deutsche mark Friday as traders predicted that the Group of Seven meeting in Hong Kong this weekend would not produce major developments.

The market reacted mainly to remarks by U.S. Treasury Secretary Robert Rubin, who indicated there would probably be a statement on the foreign-exchange market at the end of the talks. But he said the declaration might not be "dramatic."

"The market is a little nervous before the G-7, not that anything is expected" from the meeting of finance ministers and central bank

FOREIGN EXCHANGE

governors, said Paul Farrell, a dealer at Chase Manhattan.

Traders were also hedging their bets in the event that U.S. or Japanese officials might comment on Tokyo's ballooning trade surplus. The U.S. trade representative, Charlene Barshefsky, said in a television interview that Japan must take steps to bolster domestic demand and provide better access to internal markets.

Barring any further U.S. statements on the trade imbalance at the G-7 meeting, Mr. Farrell predicted that the dollar would rise next week.

An analyst at Nomura International Bank also predicted continuing gains for the U.S. currency.

"The dollar should continue to rise next week against the yen and the mark," he said.

But the gains against the mark are likely to be more limited because of growing expectations that the Bundesbank might raise interest rates, he added. Germany's M-3 money supply data and a report by the Ifo institute have refueled fears of inflation and of higher rates. The central bank's chief economist, Otmar Issing, said Friday that M-3 was going "in the wrong direction."

In late trading, the dollar was at 1.7758 Deutsche marks, down from 1.7796 DM on Thursday, and at 122.205 yen, up from 121.935. It was also at 5.9675 French francs, down from 5.9775 francs, and at 1.4643 Swiss francs, down from 1.4661 francs. The pound rose to $1.6118 from $1.6115. *(AFP, Bloomberg)*

AMEX

Friday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7911.10	7931.02	7865.57	7917.27	-5.45
Trans	3160.76	3226.77	3159.25	3209.14	+47.04
Util	241.19	241.60	240.31	241.27	+0.16
Comp	2533.43	2552.70	2529.90	2546.60	+10.93

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	1120.36	1102.08	1107.45	1111.92
Transp.	704.67	694.57	700.57	709.16
Utilities	207.61	206.07	206.45	206.48
Finance	113.14	111.39	111.75	111.81
SP 500	958.19	943.00	947.29	950.50
SP 100	924.97	910.74	912.93	916.46

NYSE

	High	Low	Last	Chg.
Composite	497.54	493.64	496.56	+1.15
Industrials	626.37	621.60	625.50	+1.28
Transp.	470.15	461.32	467.02	+4.61
Utility	296.52	293.96	295.70	+1.34
Finance	469.92	466.32	468.36	+0.79

Nasdaq

	High	Low	Last	Chg.
Composite	1686.45	1666.91	1680.37	+10.35
Industrials	1380.55	1350.93	1359.99	+5.99
Banks	1860.15	1852.41	1859.53	+0.51
Insurance	1785.47	1777.78	1778.69	-9.85
Finance	2221.94	2200.55	2219.20	+8.14
Transp.	1090.54	1068.86	1089.03	+12.09

AMEX

	High	Low	Last	Chg.
	687.46	684.48	686.94	+0.14

Dow Jones Bond

	Close	Chg.
20 Bonds	104.12	-0.09
10 Utilities	101.94	-0.12
10 Industrials	106.30	-0.06

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
FstUC s	152925	50⅛	48¾	50⅛	+2⅛
Compaq s	100359	77⅛	73¾	77⅛	+4¾
Boeing s	79592	52⅛	51⅛	52⅛	[illegible]
PhilMor s	60279	41⅝	40⅝	41⅛	+⅝
GenElec s	56442	70⅛	69⅛	70⅛	[illegible]
AT&T s	54577	44⅛	43⅝	44	[illegible]
Allmor	51357	71⅛	68⅞	71	+3⅛
CalHCA s	45782	28⅞	28	28⅛	+⅛
MicrnT	45449	38⅛	37⅛	37⅛	-1⅛
CocaCl	44949	59⅞	58⅞	59⅞	+⅛
WalMart	44880	38⅛	37⅛	38⅛	+⅛
Monsan	44633	39⅞	38⅛	38⅛	-1⅛
FstData s	44557	40⅛	38⅝	40	+1½
Exxon s	44305	66	65	65⅝	[illegible]
NikeB s	43324	55⅛	53⅞	54⅞	[illegible]

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel s	107168	95⅞	94⅞	95⅜	+⅛
Oracle s	98859	37⅞	36⅛	37⅛	+⅛
Ascend	94648	36	34⅛	36	+1⅛
Microsft s	91541	135⅛	132	135⅛	+2⅛
3Com	76496	47⅛	46	47⅛	+1⅛
MCI	72282	29⅛	28⅛	28⅛	+⅛
SyQstTc	72273	3⅛	2⅞	3⅛	+⅛
Cisco	67345	74	72⅛	73⅛	-⅛
AdobeSy	66227	50⅛	47	49⅛	+4
DellCpt s	60866	98⅛	95⅛	97⅛	+2⅛
TeleComA	58361	19⅛	19⅛	19⅛	+⅛
WorldCm	55435	37⅛	36⅛	37	+⅛
Amgen	43250	49⅛	47⅛	48⅛	+⅛
ApldMat	38890	98⅛	95⅛	97⅛	+2⅛
EricTel	37160	45⅛	45⅛	45⅛	+⅛

AMEX

	Vol.	High	Low	Last	Chg.
XCL Ltd	37994	⅞	⅝	⅞	+⅛
IvaxCp	19395	11⅛	10⅞	11⅛	+⅛
TubMex	16319	24⅛	23⅛	24⅛	+⅛
SPDR	15032	95	94⅛	94⅞	+⅛
Hasbro s	12005	27⅛	26⅛	27⅛	+⅛
ViacB	8542	34	33⅛	33⅛	-⅛
Audvox	6458	10⅛	9⅞	10⅛	+⅛
GreyWolf	6430	8	7⅛	7⅞	-⅛
JTS Corp	6343	⅞	⅞	⅞	+⅛
Harken	6285	6⅛	5⅞	6⅛	-⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1389	1717
Declined	1461	1173
Unchanged	569	528
Total issues	3419	3418
New Highs	259	389
New Lows	23	15

Nasdaq

	Noon	Prev.
Advanced	1673	2290
Declined	1744	1908
Unchanged	2088	1528
Total issues	5505	5726
New Highs	181	389
New Lows	36	37

AMEX

	Close	Prev.
Advanced	309	329
Declined	272	264
Unchanged	168	154
Total issues	749	757
New Highs	47	75
New Lows	10	11

Market Sales

	Today 4:00	Prev. cons.
NYSE	630.54	687.89
Amex	28.24	47.19
Nasdaq	632.03	718.24

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Bk Tokio Mitsubi	b	.0351	9-29	12-26
Capital World Grw	-	.17	9-26	9-29
Cross Timbers Rlty	-	.0949	9-30	10-15
Oxford TxEx II LP	-	.495	9-30	11-14
San Juan Basin	-	.0671	9-30	10-15
STOCK SPLIT				
Dentsply Intl 2 for 1 split.				
Noel Group approx .02 HeathPlan shares for each Noel held.				
Texas Instruments 2 for 1 split.				
INCREASED				
Dentsply Intl	Q	.1025	9-30	10-10
ISB Fincl	Q	.125	10-1	10-15
Pples Bkp Auburn	Q	.16	10-3	10-24
INITIAL				
Clorox Co n	-	.32	10-24	11-14
Fst United Bn SC n	-	.0225	9-30	10-14
Pacific Bank	-	.14	10-2	10-23
REGULAR				
1838 Bd Deb Trad	Q	.38	9-30	11-4
ABC Bancorp	Q	.10	9-30	10-10
Advest Group	Q	.03	9-30	10-15
Bk Sth Carolina	Q	.06	9-30	10-31
Bedford Bncshrs	Q	.14	9-29	10-10
CB&L Assoc	Q	.4425	9-30	10-17
CSK Corp ADR		.0495	09-29	12-26
Central Fidelity	Q	.24	11-14	12-1
Central Maine Pwr	Q	.225	10-10	10-31
Charter Fincl	Q	.08	10-3	10-17
Emerald Isle	Q	.07	10-21	11-1
Erie Indemnity A	Q	.095	10-6	10-20
Fst SvgsBk Wash	Q	.07	9-30	10-10
General Signal	Q	.255	10-9	10-17
Getty Rlty	Q	.03	10-1	10-15
HRE Property	Q	.32	9-30	10-22
Haven Bancorp	Q	.15	9-29	10-17
Heritage Propane	Q	.50	9-30	10-15
Kleinwrth BenAust	M	.065	9-30	10-15
MGI Prop	Q	.28	9-30	10-10
Makita Corp ADR	b	.0743	9-29	12-22
Midwest Fedl	Q	.085	9-30	10-21
MorganStn Emrg	Q	.36	9-30	10-15
MorganStan Hi Yld	M	.11	9-30	10-15
NEC Corp ADR	-	.2272	9-29	12-26
Ntl HealthCare	Q	.60	9-30	11-14
PMI Group	Q	.05	9-30	10-15
Placer Dome	Q	.075	11-14	12-15
River Valley Bn	-	.04	9-29	10-13
Royale Investment	Q	.125	9-30	10-17
Saul Centers	Q	.39	10-17	10-31
SuburbFed Fncl	Q	.08	10-1	10-15
Toro Co	Q	.12	9-29	0-0
Transamerica	Q	.50	10-6	10-31
TransAtlantic Hold	Q	.10	12-5	12-19
Trigen Energy	Q	.035	9-30	10-15
US West	Q	.535	10-10	11-3

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Sept. 19, 1997

Grains

CORN (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	OpInt
Sep 97	269½	250	255½	-9½	516
Dec 97	264¼	260½	261¾	-2¼	190,779
Mar 98	273	269½	270¾	-2½	57,552
May 98	277	274½	276	-2	14,028
Jul 98	281	277½	279	-2¼	24,646
Sep 98	275	272	272½	-1¾	1,776
Dec 98	273½	269½	270½	-1¾	15,649

Est. sales N.A. Thu's sales 38,928
Thu's open int 305,123, up 1,174

SOYBEAN MEAL (CBOT) 100 tons- dollars per ton

	High	Low	Latest	Chge	OpInt
Sep 97	269.50	260.00	260.30	-9.20	1,377
Oct 97	225.50	221.10	225.10	+0.20	24,183
Dec 97	207.80	204.50	207.30	+1.80	44,684
Jan 98	203.30	200.00	203.00	+1.70	11,810
Mar 98	199.00	196.00	198.10	+1.80	11,299
May 98	198.50	195.00	197.20	-1.40	9,635

Est. sales N.A. Thu's sales 25,884
Thu's open int 109,803, up 1,050

SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb

	High	Low	Latest	Chge	OpInt
Sep 97	23.82	23.65	23.78	+0.16	125
Oct 97	23.94	23.64	23.64	-0.05	15,421
Dec 97	24.34	23.97	24.02	Unch.	49,840
Jan 98	24.50	24.17	24.22	+0.02	14,582
Mar 98	24.68	24.43	24.44	-0.02	8,576
May 98	24.80	24.50	24.57	-0.05	4,239

Est. sales N.A. Thu's sales 17,434
Thu's open int 98,234, up 2,549

SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	OpInt
Sep 97	779	754	756½	-11	825
Nov 97	642	632	639	+4	96,810
Jan 98	644	636	641	+2½	24,410
Mar 98	649½	641½	647¾	+4	9,709
May 98	655½	648½	654	+5¼	7,599

Est. sales N.A. Thu's sales 46,860
Thu's open int 151,361, up 2,769

WHEAT (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	OpInt
Sep 97	357	353	353	-1	95
Dec 97	369½	365	367½	-1½	61,752
Mar 98	384	378½	381¼	+¼	24,280
May 98	389	385½	387¼	-1¼	4,460

Est. sales N.A. Thu's sales 17,026
Thu's open int 102,860, up 1,206

Livestock

CATTLE (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Oct 97	68.20	67.80	67.90	Unch.	28,164
Dec 97	69.20	68.85	68.92	-0.10	32,427
Feb 98	71.90	71.52	71.57	-0.22	15,369
Apr 98	74.65	74.30	74.32	-0.30	8,715
Jun 98	71.20	70.85	70.90	-0.30	6,409
Aug 98	70.80	70.35	70.35	-0.45	1,698

Est. sales 10,571 Thu's sales 9,646
Thu's open int 92,836, up 591

FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Sep 97	80.15	79.75	79.82	-0.45	2,073
Oct 97	80.70	80.25	80.30	-0.20	7,576
Nov 97	81.55	81.10	81.27	-0.10	2,835
Jan 98	82.30	81.90	81.92	-0.32	3,087
Mar 98	82.05	81.60	81.60	-0.35	1,726
Apr 98	82.00	81.55	81.65	-0.30	583

Est. sales 2,281 Thu's sales 1,893
Thu's open int 19,581, off 29

HOGS-Lean (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Oct 97	70.70	69.55	69.65	-1.50	13,433
Dec 97	66.70	65.90	66.05	-1.02	10,475
Feb 98	65.35	64.70	64.90	-0.67	3,763
Apr 98	62.42	61.72	61.75	-0.67	1,656
Jun 98	67.20	66.70	66.82	-0.62	971

Est. sales 6,985 Thu's sales 4,108
Thu's open int 31,475, up 253

PORK BELLIES (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Feb 98	66.55	64.00	64.05	-2.62	4,555
Mar 98	66.15	63.90	64.10	-2.40	448
May 98	67.80	65.02	65.02	-2.22	96

Est. sales 3,011 Thu's sales 1,181
Thu's open int 5,158, up 39

Food

COCOA (NCSE) 10 metric tons- $ per ton

	High	Low	Latest	Chge	OpInt
Dec 97	1690	1645	1650	-28	41,455
Mar 98	1718	1680	1683	-31	29,096
May 98	1738	1704	1704	-31	12,483
Jul 98	1745	1725	1725	-31	3,300
Sep 98	1755	1743	1743	-31	4,730
Dec 98	1785	1758	1760	-31	6,511

Est. sales 8,435 Thu's sales 5,264
Thu's open int 107,546, up 637

COFFEE C (NCSE) 37,500 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Dec 97	177.50	166.75	174.15	+4.50	12,122
Mar 98	163.50	155.00	161.50	+5.20	5,275
May 98	155.50	150.00	155.50	+5.50	1,766
Jul 98	149.65	144.00	149.65	+5.90	1,683
Sep 98	143.45	139.00	143.45	-5.95	470

Est. sales 7,664 Thu's sales 8,148
Thu's open int 22,639, off 178

SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Oct 97	11.25	11.15	11.17	-0.05	42,716
Mar 98	11.70	11.60	11.61	-0.09	89,540
May 98	11.78	11.69	11.69	-0.09	20,340
Jul 98	11.63	11.55	11.56	-0.08	15,293

Est. sales 29,887 Thu's sales 25,550
Thu's open int 182,542, off 2,916

ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Nov 97	69.20	68.70	69.15	+0.30	16,637
Jan 98	72.10	71.90	72.10	-0.25	9,255
Mar 98	75.15	74.90	75.05	-0.25	5,949
May 98	77.65	77.50	77.85	-0.25	1,515

Est. sales N.A. Thu's sales 1,160
Thu's open int 34,595, up 220

Metals

GOLD (NCMX) 100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	OpInt
Sep 97			321.30	+0.30	46
Oct 97	323.00	321.20	321.60	+0.30	8,056
Dec 97	325.20	322.50	323.00	+0.30	117,927
Feb 98	326.20	324.40	324.40	+0.30	15,447
Apr 98	327.90	326.00	326.20	+0.40	5,528
Jun 98	329.50	328.00	328.10	-0.40	8,713
Aug 98	331.40	330.10	330.10	+0.30	4,331

Est. sales 23,000 Thu's sales 17,453
Thu's open int 202,987, up 1,166

HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Sep 97	95.60	94.70	94.90	-0.05	2,127
Oct 97	96.00	95.00	95.25	-0.05	3,164
Nov 97	96.80	95.80	96.00	Unch.	1,766
Dec 97	97.40	95.95	96.35	-0.15	27,798
Jan 98	96.60	96.20	96.35	-0.15	954
Feb 98	96.60	96.20	96.20	-0.30	1,016
Mar 98	97.10	96.10	96.20	-0.30	4,714
Apr 98	96.70	96.05	96.10	-0.35	844
May 98	96.90	95.85	96.05	-0.35	2,226

Est. sales 10,000 Thu's sales 12,542
Thu's open int 52,200, off 1,305

SILVER (NCMX) 5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	OpInt
Sep 97	468.00	466.50	466.50	+2.10	270
Oct 97			466.50	+2.00	78
Nov 97			469.90	+2.00	
Dec 97	474.00	468.50	470.50	+2.00	52,480
Jan 98	476.00	471.90	471.90	+2.00	22
Mar 98	480.00	476.00	476.40	+1.80	12,470
May 98			479.80	+1.80	3,215
Jul 98	486.00	483.00	483.20	+1.70	2,423

Est. sales 15,000 Thu's sales 20,483
Thu's open int 77,264, off 1,850

PLATINUM (NMER) 50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	OpInt
Oct 97	431.80	419.50	430.20	+6.80	9,135
Jan 98	421.80	412.90	420.20	+7.30	3,693
Apr 98	412.70	410.00	412.70	+6.80	672
Jul 98			408.70	+6.80	3

Est. sales N.A. Thu's sales 1,438
Thu's open int 13,453, up 120

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1625.00	1626.00	1626½	1628½
Forward	1639.00	1640.00	1635.00	1637.00
Copper Cathodes (High Grade)				
Spot	2110.00	2111.00	2112.00	2113.00
Forward	2130.00	2131.00	2134.00	2135.00
Lead				
Spot	620.00	621.00	621.00	622.00
Forward	630.00	631.00	631.00	632.00
Nickel				
Spot	6445.00	6455.00	6400.00	6405.00
Forward	6540.00	6545.00	6500.00	6505.00
Tin				
Spot	5610.00	5620.00	5580.00	5590.00
Forward	5660.00	5665.00	5630.00	5635.00
Zinc (Special High Grade)				
Spot	1643.00	1648.00	1655.00	1660.00
Forward	1413.00	1415.00	1429.00	1431.00

Financial

US T BILLS (CMER) $1 million- pts of 100 pct.

	High	Low	Close	Chge	OpInt
Dec 97	94.97	94.94	94.95	Unch.	4,787
Mar 98	94.95	94.93	94.95	-0.01	2,039
Jun 98			94.89	Unch.	25

Est. sales N.A. Thu's sales 201
Thu's open int 6,851, up 129

5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	OpInt
Sep 97	107-50	107-38	107-42	-01	4,879
Dec 97	107-30	107-20	107-28	+01	230,624

Est. sales N.A. Thu's sales 68,458
Thu's open int 235,503, off 2,661

10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	OpInt
Sep 97	110-15	110-11	110-12	-03	12,114
Dec 97	110-11	110-02	110-09	+02	363,811
Mar 98	109-30	109-27	109-30	+02	12,195

Est. sales N.A. Thu's sales 107,978
Thu's open int 388,121, off 780

US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	OpInt
Sep 97	115-29	115-19	115-25	Unch.	27,784
Dec 97	115-25	115-07	115-21	+06	570,309
Mar 98	115-14	114-31	115-12	+07	36,109
Jun 98			115-00	+06	3,507

Est. sales N.A. Thu's sales 469,255
Thu's open int 643,885, up 13,026

LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct

	High	Low	Close	Chge	OpInt
Sep 97	118-00	117-29	117-31	-0-09	4,819
Dec 97	117-22	117-11	117-14	-0-11	171,701
Mar 98	N.T.	N.T.	117-08	-0-10	0

Est. sales 59,397 Prev. sales 129,132
Prev. open int 176,520 up 3,156

GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct

	High	Low	Close	Chge	OpInt
Dec 97	102.67	102.44	102.59	-0.15	279,496
Mar 98	101.90	101.81	101.83	-0.15	1,336

Est. sales. 107,126 Prev. sales. 204,812
Prev. open int.: 280,832 up 8,569

10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Dec 97	99.76	99.54	99.64	-0.18	136,551
Mar 98	99.06	98.96	99.00	-0.14	930
Jun 98	98.74	98.74	98.68	-0.16	0

Est. sales: 71,466.
Open int.: 137,481 up 10,142.

ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Dec 97	111.72	111.05	111.62	+0.23	120,840
Mar 98	N.T.	N.T.	111.52	+0.23	922
Jun 98	N.T.	N.T.	111.52	+0.23	0

Est. sales: 50,116. Prev. sales: 65,060
Prev. open int.: 121,762 up 6,623

LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.

	High	Low	Latest	Chge	OpInt
Oct 97	94.37	94.36	94.37	Unch.	27,090
Nov 97	94.33	94.32	94.33	Unch.	29,188
Dec 97	94.17	94.16	94.17	Unch.	6,958

Est. sales N.A. Thu's sales 4,034
Thu's open int 67,208, up 391

EURODOLLARS (CMER) $1 million-pts of 100 pct.

	High	Low	Latest	Chge	OpInt
Oct 97	94.25	94.25	94.25	Unch.	24,142
Dec 97	94.18	94.16	94.18	Unch.	586,714
Mar 98	94.12	94.10	94.11	-0.01	398,929
Jun 98	94.04	94.01	94.03	Unch.	305,472
Sep 98	93.95	93.92	93.95	-0.01	234,004
Dec 98	93.84	93.82	93.84	-0.01	204,593
Mar 99	93.83	93.80	93.83	Unch.	141,427
Jun 99	93.78	93.75	93.78	Unch.	111,840
Sep 99	93.75	93.72	93.75	Unch.	95,457
Dec 99	93.68	93.65	93.68	Unch.	80,074
Mar 00	93.68	93.65	93.68	Unch.	69,669
Jun 00	93.65	93.62	93.65	Unch.	56,147

Est. sales N.A. Thu's sales 365,390
Thu's open int 2,618,201, up 13,293

BRITISH POUND (CMER) 62,500 pounds, $ per pound

	High	Low	Latest	Chge	OpInt
Dec 97	1.6088	1.5996	1.6058	+0.0020	28,449
Mar 98	1.6020	1.5950	1.5996	+0.0018	233
Jun 98			1.5936	+0.0016	27

Est. sales N.A. Thu's sales 10,550
Thu's open int 28,709, off 10,682

CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr

	High	Low	Latest	Chge	OpInt
Dec 97	.7239	.7219	.7231	+0.0005	47,308
Mar 98	.7275	.7250	.7264	+0.0004	1,491
Jun 98			.7287	+0.0003	376

Est. sales N.A. Thu's sales 6,169
Thu's open int 49,297, up 1,654

GERMAN MARK (CMER) 125,000 marks, $ per mark

	High	Low	Latest	Chge	OpInt
Dec 97	.5689	.5639	.5660	+0.0008	53,371
Mar 98	.5715	.5688	.5692	+0.0008	2,240
Jun 98			.5722	+0.0008	2,513

Est. sales N.A. Thu's sales 23,777
Thu's open int 58,224, off 2,834

JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen

	High	Low	Latest	Chge	OpInt
Dec 97	.8355	.8260	.8278	-0.0034	75,333
Mar 98	.8458	.8389	.8389	-0.0034	803
Jun 98			.8501	-0.0034	165

Est. sales N.A. Thu's sales 28,470
Thu's open int 76,302, up 5,786

SWISS FRANC (CMER) 125,000 francs, $ per franc

	High	Low	Latest	Chge	OpInt
Dec 97	.6943	.6877	.6899	+0.0003	38,643
Mar 98	.7010	.6964	.6969	+0.0003	1,199
Jun 98			.7037	+0.0003	123

Est. sales N.A. Thu's sales 16,188
Thu's open int 40,071, up 846

MEXICAN PESO (CMER) 500,000 pesos, $ per peso

	High	Low	Latest	Chge	OpInt
Dec 97	.12490	.12427	.12477	+.00284	25,133
Mar 98	.12035	.11972	.12030	+.00319	6,721
Jun 98	.11650	.11580	.11645	+.00319	7,696

Est. sales N.A. Thu's sales 5,310
Thu's open int 34,401, up 1,050

3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Dec 97	92.60	92.57	92.57	-0.03	139,335
Mar 98	92.66	92.60	92.61	-0.04	108,892
Jun 98	92.76	92.69	92.70	-0.05	91,648
Sep 98	92.88	92.81	92.82	-0.05	66,498
Dec 98	93.00	92.95	92.94	-0.06	58,011
Mar 99	93.12	93.05	93.05	-0.06	60,164
Jun 99	93.18	93.12	93.12	-0.06	38,743

Est. sales: 77,048. Prev. sales: 159,884
Prev. open int.: 635,945 up 10,793

3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Oct 97	96.60	96.58	96.58	-0.02	4,401
Nov 97	96.52	96.52	96.52	-0.02	350
Dec 97	96.44	96.40	96.41	-0.03	293,058
Mar 98	96.24	96.16	96.19	-0.05	289,875
Jun 98	96.01	95.94	95.96	-0.06	242,285
Sep 98	95.82	95.75	95.78	-0.05	175,945
Dec 98	95.64	95.58	95.59	-0.06	157,264
Mar 99	95.49	95.42	95.44	-0.06	147,699
Jun 99	95.33	95.26	95.29	-0.05	71,457
Sep 99	95.18	95.12	95.15	-0.05	60,108

Est. sales: 223,598. Prev. sales: 224,366
Prev. open int.: 1,558,749 up 11,028

3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Dec 97	96.44	96.40	96.41	-0.02	39,968
Mar 98	96.22	96.16	96.18	-0.04	30,839
Jun 98	96.02	95.97	95.99	-0.03	25,611
Sep 98	95.85	95.79	95.82	-0.03	23,469
Dec 98	95.71	95.65	95.66	-0.05	26,462

Est. sales. 50,040.
Open int.: 204,911 up 3,029.

3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Dec 97	94.03	93.86	93.99	+0.11	95,381
Mar 98	94.76	94.53	94.71	+0.15	79,064
Jun 98	95.09	94.91	95.04	+0.09	72,672
Sep 98	95.16	95.02	95.11	+0.03	48,877
Dec 98	95.15	95.05	95.10	Unch.	39,130
Mar 99	95.05	94.97	95.02	+0.02	20,137

Est. sales: 126,131. Prev. sales: 99,647
Prev. open int.: 366,827 up 4,959

Industrials

COTTON 2 (NCTN) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Oct 97	73.75	73.25	73.27	-0.16	3,459
Dec 97	73.92	73.40	73.43	-0.16	49,054
Mar 98	75.05	74.55	74.64	-0.07	14,289
May 98	75.70	75.25	75.29	+0.01	6,307
Jul 98	76.15	75.65	75.68	-0.17	5,847

Est. sales N.A. Thu's sales 8,515
Thu's open int 87,353, up 534

HEATING OIL (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	OpInt
Oct 97	53.80	53.35	53.45	+0.01	31,732
Nov 97	54.70	54.40	54.47	-0.02	34,479
Dec 97	55.70	55.36	55.47	-0.02	24,858
Jan 98	56.45	56.15	56.17	-0.02	21,891
Feb 98	56.70	56.35	56.37	-0.02	12,043
Mar 98	56.10	55.80	55.82	-0.03	9,036
Apr 98	54.90	54.62	54.62	+0.22	4,772

Est. sales N.A. Thu's sales 51,857
Thu's open int 152,252, up 255

LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.

	High	Low	Latest	Chge	OpInt
Oct 97	19.44	19.30	19.35	-0.03	46,435
Nov 97	19.58	19.49	19.53	Unch.	87,015
Dec 97	19.66	19.58	19.61	+0.01	59,982
Jan 98	19.70	19.65	19.65	+0.01	36,244
Feb 98	19.73	19.66	19.66	+0.01	17,250
Mar 98	19.74	19.67	19.67	+0.01	10,428

Est. sales N.A. Thu's sales 99,034
Thu's open int 407,720, off 8,811

NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	OpInt
Oct 97	2.920	2.830	2.837	-0.050	49,803
Nov 97	3.015	2.925	2.930	-0.059	41,389
Dec 97	3.085	3.010	3.020	-0.043	25,667
Jan 98	3.065	3.000	3.004	-0.041	25,274
Feb 98	2.779	2.710	2.710	-0.050	16,782
Mar 98	2.475	2.420	2.420	-0.047	11,183

Est. sales N.A. Thu's sales 70,856
Thu's open int 245,593, up 2,550

UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	OpInt
Oct 97	57.70	56.50	57.48	+0.23	26,705
Nov 97	55.90	55.40	55.76	-0.05	28,888
Dec 97	55.60	55.10	55.53	+0.12	15,053
Jan 98	55.65	55.20	55.63	+0.12	14,017
Feb 98	56.20	55.90	56.08	+0.12	4,782
Mar 98	56.85	56.78	56.78	+0.12	5,630
Apr 98	59.85	59.61	59.61	+0.12	4,139
May 98			59.51	+0.12	1,433

Est. sales N.A. Thu's sales 34,247
Thu's open int 104,405, off 635

GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	OpInt
Oct 97	166.75	166.00	166.50	+0.25	25,648
Nov 97	168.25	167.50	168.00	+0.25	15,060
Dec 97	170.00	169.25	169.75	+0.50	17,386
Jan 98	171.50	170.75	171.25	+0.50	12,476
Feb 98	172.00	171.25	171.75	+0.50	7,384
Mar 98	171.00	170.75	170.75	+0.50	4,820
Apr 98	169.50	169.25	169.50	+0.50	2,221

Est. sales: 5,404. Prev. sales: 11,804
Prev. open int.: 94,188 up 873

BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	OpInt
Nov97	18.50	18.39	18.40	-0.01	73,404
Dec97	18.58	18.50	18.52	Unch.	24,475
Jan98	18.61	18.55	18.58	-0.02	20,697
Feb98	18.60	18.56	18.58	-0.02	7,479
Mar 98	18.55	18.52	18.53	-0.02	4,019
Apr 98	18.49	18.49	18.49	-0.02	2,244

Est. sales: 20,000. Prev. sales: 26,592
Prev. open int.: 142,578 up 724

Stock Indexes

SP COMP INDEX (CMER) 500 x index

	High	Low	Latest	Chge	OpInt
Dec 97	963.25	953.60	961.10	+3.25	187,310
Mar 98	972.50	965.00	967.70	-0.55	2,897
Jun 98			978.75	Unch.	728

Est. sales N.A. Thu's sales 118,212
Thu's open int 230,842, off 862

FTSE 100 (LIFFE) £25 per index point

	High	Low	Latest	Chge	OpInt
Sep 97	5084.0	5072.0	5032.5	-35.5	18,796
Dec 97	5152.0	5143.0	5098.0	-34.0	62,746
Mar 98	N.T	N.T	5141.0	-34.0	1,805

Est. sales: 20,823. Prev. sales: 31,287
Prev. open int.: 83,347 off 133

CAC 40 (MATIF) FF200 per index point

	High	Low	Latest	Chge	OpInt
Sep 97	3004.0	2969.0	2985.0	-1.00	37,560
Oct 97	3010.0	2979.0	2991.5	-1.00	9,584
Nov 97	3003.5	3003.5	2999.0	-1.00	3,882
Dec 97	3013.0	2996.5	3007.5	-1.00	4,853
Mar 98	0.00	0.00	3030.0	-1.00	10,700

Est. sales: 13,582.
Open int.: 80,020 up 1,198.

Commodity Indexes

	Close	Previous
Moody's	1,560.40	1,561.00
Reuters	1,915.60	1,913.60
D.J. Futures	147.32	147.03
CRB	240.72	240.83

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

Stockholm Banks On Budget Surplus

Asset Sales to Help Wipe Out Deficit

Bloomberg News

STOCKHOLM — The government predicted Friday that it would run a budget surplus next year as it continued its sale of 45 billion kronor ($5.94 billion) of assets through 1999.

Tomas Nordstroem, a top official at the Ministry of Finance, said the asset sales would reduce debt, but he did not say which assets would be sold. Sweden has not run a budget surplus since 1990. The government said it expected the economy to pick up next year, cutting welfare costs and increasing income.

The surplus is projected to equal 0.6 percent of economic output in 1998, compared with a forecast deficit of 1.9 percent of output this year. The government said the 1998 budget still would include increased spending on social services.

"Improved growth prospects are permitting the government to have its cake and eat it too — more spending and improved finances," Richard Woodworth, an economist at Merrill Lynch, said. "This works only so long as high growth continues."

Swedish budgets are particularly sensitive to changes in the economic cycle. Low growth increases unemployment, resulting in burgeoning costs in a country known for its expansive welfare system. The government expects the economy to grow 2.3 percent this year and 3.1 percent next year.

"We are now experiencing the first cyclical upturn for 30 years that isn't preceded by an expansive economic policy or a devaluation," the government said. "The economy is stronger than it has been for a very long time."

The new program of asset sales represents an increase from the 35 billion kronor the government proposed to raise from asset sales in its previous budget, issued six months ago, Mr. Nordstroem said.

The sales would help Sweden begin in 1999 to pay off state debt from a recession and financial crisis starting in the early 1990s that caused debt to skyrocket. The Social Democratic government has chosen to sell state-owned assets as a way of reducing reliance on foreign loans.

The sales are to be divided into three equal parts, for 1997, 1998 and 1999, each totaling 15 billion kronor. The previous budget proposed selling assets valued at 25 billion kronor this year and 10 billion kronor in 1998, with no sales scheduled for 1999.

Prime Minister Goran Persson said Friday that the government might sell part of its 58 percent stake in Nordbanken AB this year, the news agency Direkt reported.

Other assets that could be sold include Telia AB, a provider of telecommunications services, Vattenfall AB, a utility company, and Vasakronan, a real-estate company.

The government said last month it had shifted ownership of Telia to the Ministry of Trade and Industry from the Ministry of Communications in a move that was seen as a preparation for its sale. A Swedish brokerage concern has estimated Telia's value at 45 billion kronor.

Lufthansa Aims To Stay German

Reuters

FRANKFURT — Seeking to ensure that it stays in German hands, Lufthansa AG issued details Friday of incentives it will offer to retail investors seeking shares in next month's public offering.

Retail investors, expected to be Germans, will get priority if they order shares before Oct. 2, as well as a discount of 1 Deutsche mark a share on the offer price, Lufthansa said. It said the minimum order would be 100 shares.

"The incentive package stresses the importance attached to retail investors," it said in a statement.

The 5 billion DM ($2.81 billion) sale of the government's remaining 35.7 percent stake in the airline will be Germany's biggest privatization since the 20 billion DM flotation of Deutsche Telekom in November 1996.

An international airline law states that flag carriers must show that national shareholders hold a majority stake.

Poland Facing a Decisive Vote

By Peter S. Green
International Herald Tribune

In theory, the parliamentary elections in Poland on Sunday should be a simple choice for business.

Solidarity Election Action, led by the trade union that brought down Polish communism in 1989, faces off against the young generation of former Communists who now hold power as the Democratic Left Alliance.

In 1990, Solidarity ushered in free markets, and its tough reform program paved the way for the robust stock market, rising living standards, this year's 5.7 percent economic growth and, for a post-Communist country, robust industrial development.

But the former Communists, in power since 1993, have overseen two years of steady growth, progressive privatization and a generally improving economy.

Polls suggest that neither Solidarity nor the former Communists will win outright, leaving the balance of power and the shape of Poland's economy in the hands of a few small parties, from the rightist Movement for the Reconstruction of Poland to the protectionist Polish Peasant Party and the leftist Union of Labor, all with divergent economic views.

Investors say they worry that both Solidarity and the former Communists will give in to farmers, who make up 28 percent of Poland's registered voters. The Polish Peasant Party nearly brought down the government with its demands for higher farm subsidies.

Chris Bledowski, chief economist at Wood-Commerz brokers in Warsaw, calls the economic program of Solidarity Election Action "very iffy."

"Their core support is union and blue-collars, so the restructuring and sale of key state sectors could be called off," he said.

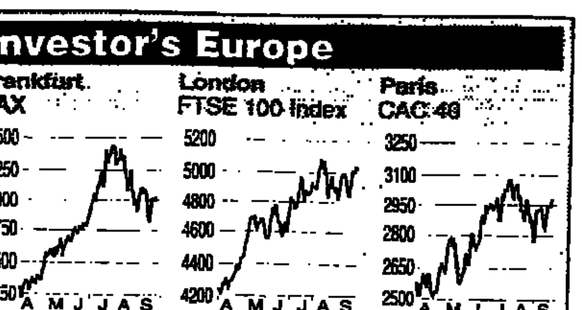
Before Poland joins the European Union early next century, it will have to privatize many large industries, including coal mines that employ 250,000 people and lost about $750 million last year, according to a recent World Bank report. Other large employers still in state hands include steelworks like the massive Nowa Hut works outside Krakow, the oil sector, power generation and the railroads. Restructuring could lead to unrest.

Many say they want a government that includes the Freedom Union, a centrist party led by Leszek Balcerowicz, who as Solidarity finance minister in 1990 introduced the painful reforms that are now paying off.

Mr. Balcerowicz worries about Poland's growing current account and foreign trade deficits and its hopes for EU entry. He wants to speed up privatization, cut the budget deficit faster than the Democratic Left Alliance has done, cut taxes and dismantle telecommunication and energy monopolies.

The current finance minister, Marek Belka, says that whoever succeeds him will have little room for maneuver.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	893.29	902.77	-1.05
Brussels	BEL-20	2,389.42	2,388.88	+0.02
Frankfurt	DAX	4,032.97	4,000.48	+0.81
Copenhagen	Stock Market	617.12	612.78	+0.71
Helsinki	HEX General	3,505.41	3,467.72	+1.09
Oslo	OBX	699.08	696.08	+0.14
London	FTSE 100	5,023.80	5,046.20	-0.44
Madrid	Stock Exchange	609.65	608.05	+0.26
Milan	MIBTEL	15229	15075	+1.02
Paris	CAC 40	2,977.18	2,978.37	-0.04
Stockholm	SX 16	3,398.86	3,436.27	-1.11
Vienna	ATX	1,388.44	1,377.34	+0.81
Zurich	SPI	3,593.30	3,598.82	-0.15

Source: Telekurs International Herald Tribune

Financier Bids for Worms & Cie.

Compiled by Our Staff From Dispatches

PARIS — The French financier Francois Pinault, pushing to expand his retail empire, made an unsolicited 30 billion franc ($5 billion) cash bid Friday for Worms & Cie.

The French stock market regulator, Conseil des Marches Financiers, said Evran group, which is 99.6-percent owned by Mr. Pinault's personal holding company Artemis, was making a public offer for all shares and convertible bonds of Worms, which owns the insurer Athena Assurances and the sugar maker Generale Sucriere.

Evran, which already owns 0.49 percent of Worms, is offering 410 French francs for each of the shares outstanding and 655 francs for each bond, the conseil said.

Analysts said the takeover bid was slightly on the low side and could provoke a counterbid by a foreign insurance company.

Mr. Pinault, 60, controls Pinault-Printemps-Redoute SA, a disparate group including luxury department stores, an African trading company and an electrical-equipment distributor.

Worms, founded in 1848 to import English coal, is 22.1 percent owned by the Worms family. Italy's Agnelli family, which controls Fiat SpA, owns 20 percent.

Worms said it would await the ruling of the stock market authority on the bid's eligibility before commenting. Worms shares rose 20.90 francs, or 5.6 percent, Friday to 395.90. *(Bloomberg, Reuters, AFP)*

Very briefly:

- **De Beers/Centenary AG and RAO Almazi Rossii-Sakha,** a Russian company, agreed to sign a new diamond marketing agreement in October.
- **Eridania Beghin-Say SA** announced better-than-expected first-half profits, which rose 14.8 percent to 855 million francs ($143.1 million), and said it would post a gain of 900 million francs in the second half from the sale of a stake in the Spanish company Koipe SA.
- **Philips Electronics NV** said it was thinking of moving its head office from the southern Dutch city of Eindhoven to Amsterdam.
- **Laura Ashley Holdings PLC** appointed David Hoare as chief operating officer as the clothing retailer attempts to recover from a series of management problems and profit warnings.
- **Ukraine's** Parliament approved legislation providing tax and tariff breaks for foreign-backed car production.
- **LVMH Moet Hennessy Louis Vuitton SA** said it would put forward new proposals next month aimed at combining its drinks business with those of Guinness PLC and Grand Metropolitan PLC. *Bloomberg, Reuters, AP, AFP*

EU Warns BA After Branson Complaint

Reuters

BRUSSELS — The European Commission, which is already casting a critical eye on British Airways' planned alliance with American Airlines, said Friday it had warned the carrier that its sales practices could amount to an abuse of a dominant market position.

If the preliminary assessment is confirmed, British Airways could be fined as much as 10 percent of its sales.

The commission, the executive body of the European Union, warned BA in a statement of objections in January that its discounts for corporate customers and travel agents' commissions appeared to be in breach of the EU's fair-competition rules, a commission spokesman said.

The EU's inquiry followed a complaint by Richard Branson, head of BA's British rival, Virgin Atlantic Airways. A final decision is not expected before the end of the year.

BA denied its conduct was unfair, saying it was common practice in the airline industry. "We do not believe there is anything wrong with our policy on travel agents' commissions or discounts for corporate customers," a spokesman said.

Virgin said that while both practices were widespread, BA's behavior had to be assessed in the context of its dominant position in Britain.

Porsche's Output: All Sold

Agence France-Presse

STUTTGART — Porsche AG now has firm orders for every one of the 38,000 vehicles the sports-car maker plans to produce through next July, its chairman, Wendelin Wiedeking, said Friday.

Porsche plans to make 20,000 of its two-seat Boxster model and 18,000 of the 911 type, he said.

Porsche is showing its new 911 model at the Frankfurt auto show; the Boxster made its debut last year.

WORLD STOCK MARKETS

Friday, Sept. 19
Prices in local currencies.
Telekurs

Amsterdam
AEX index: 893.29 Previous: 902.77

	High	Low	Close	Prev.
ABN-AMRO	41.70	40.40	40.70	41.40
Aegon	152.50	151.70	152.10	151.80
Ahold	55	53.50	54	54.60
Akzo Nobel	331.70	325.50	327.90	330
Baan Co.	127.70	125.50	126.70	126.40
Bolswessanen	35.90	35	35.20	35.10
CSM cva	96.70	94.60	94.80	96.70
Dordtsche Pet	111	108.30	109.50	109.90
DSM	190.50	187.70	188.10	189.70
Elsevier	31.80	30.80	31	31.70
Fortis Amev	82.80	80.50	81.60	82.30
Getronics	66.70	64.20	65.10	65
G-Broc cva	55.50	54	54.50	54.70
Hagemeyer	103.80	100.50	101.40	102.40
Heineken	345	340.50	342.40	344.50
Hoogovens cva	126.50	122.60	124.60	122.20
Hunt Douglas	88	85.70	86.50	86
ING Group	92.80	91	91.50	92.60
KLM	70	67.60	68.60	69.50
KNP BT	52.90	51.50	52.40	52.50
KPN	77.20	75.20	75.20	77.20
Nedlloyd Gp	63.70	62.50	63	63.90
Nutricia	60.30	59	59.90	60.20
Oce Grinten	256.40	249.50	253.50	254.50
Philips Elec	150	145.50	147.50	150.10
Polygram	114.80	111	112.80	114.70
Randstad Hdg	82.90	81.10	82	82
Robeco	193.80	192	192	191
Rodamco	62.50	61.30	62.20	62.60
Rolinco	191.30	190.50	190.50	190.30
Rorento	118.50	118.10	118.10	118
Royal Dutch	110.20	108	108.40	108.30
Unilever cva	426	416.50	419.10	423.90
Vendex Intl	115.80	113.50	115.80	114.50
VNU	44.40	43	43.50	44
Wolters Kl cva	242.90	239.30	240	240.50

Bangkok
SET index: 523.39 Previous: 521.45

	High	Low	Close	Prev.
Adv Info Svc	224	214	214	220
Bangkok Bk F	171	164	164	162
Krung Thai Bk	25.50	25	25.25	25
PTT Explor	380	358	360	370
Siam Cement F	572	570	570	570
Siam Com Bk F	116	107	109	105
Telecomasia	29.50	29	29.25	28.75
Thai Airways	44.75	42.75	43.75	43.50
Thai Farm Bk F	110	100	100	105
Utd Comm	104	102	103	103

Bombay
Sensex 30 index: 3825.12 Previous: 3884.77

	High	Low	Close	Prev.
Bajaj Auto	537.75	527	527.75	538.25
Hindust Lever	1349	1305.25	1307	1335
Hindust Petm	477	464.25	474.25	468.25
Ind Dev Bk	105	103	104.25	102.75
ITC	581.75	567.25	569.75	576.50
Mahanagar Tel	259	251	256	261
Reliance Ind	351	340.50	341	348.75
State Bk India	279.75	272.75	273	279.25
Steel Authority	16	15	15.50	15.75
Tata Eng Loco	337	330	332	337.25

Brussels
BEL-20 index: 2389.42 Previous: 2388.88

	High	Low	Close	Prev.
Almanij	1615	1605	1610	1605
Barco Ind	7400	7250	7290	7400
BBL	9630	9550	9590	9600
CBR	3295	3175	3230	3295
Colruyt	17975	17650	17800	17800
Delhaize Lion	1825	1760	1815	1790
Electrabel	7650	7560	7650	7590
Electrafina	3430	3380	3430	3390
Fortis AG	7220	7130	7170	7090
Gevaert	3170	3125	3150	3140
GBL	5770	5700	5750	5720
Gen Banque	14450	14350	14425	14425
Kredietbank	14600	14325	14325	14375
Petrofina	14150	13900	14000	13925
Powerfin	4925	4905	4915	4915
Royale Belge	9590	9350	9430	9470
Soc Gen Belg	3400	3255	3275	3280
Solvay	2185	2155	2160	2155
Tractebel	14875	14800	14850	14825
UCB	124000	122400	122400	123900

Copenhagen
Stock index: 617.12 Previous: 612.78

	High	Low	Close	Prev.
BG Bank	375	370	372.86	372
Carlsberg B	372	361	365	365
Codan Fors	915	909	915	913
Danisco	371	359.53	368	361
Den Danske Bk	697	681	687	680
D/S Svenborg B	424000	413000	419419	413000
D/S 1912 B	294900	285000	285000	285000
FLS Ind B	200	192	192	195.50
Kob Lufthavne	780	769	770	770
Novo Nordisk B	695	666	688	680
Sophus Ber B	1041	1019	1040	1025
Tele Danmark B	357.71	351	351	354
Tryg Baltica	390	384	387	380
Unidanmark A	418	411	411	412

Frankfurt
DAX: 4032.97 Previous: 4000.48

	High	Low	Close	Prev.
ABB B	1575	1575	1580	1555
Adidas	244.80	239.60	242.50	232.50
Allianz Hdg	421	416.50	419	415.50
Altana	142.40	141	141.20	141.50
Bk Berlin	44.50	43.10	44	43.30
BASF	62.45	61.80	61.92	62
Bayer Hypo Bk	70.25	69.95	70.20	69.78
Bay Vereinsbank	94.60	93.50	93.50	94
Bayer	69.60	68.35	69.45	68
Beiersdorf	77	75.20	75.20	76
Bewag	38.60	38.40	38.50	38.55
BMW	1368	1350	1364	1350
CKAG Colonia	158	152	154	152
Commerzbank	62	61.05	61.40	60.95
Daimler Benz	135.40	133.10	135.20	133
Degussa	98.30	95.50	98.30	97
Deutsche Bank	110.90	109.90	110.80	109.30
Deut Telekom	34	33.30	33.46	32.90
Dresdner Bank	80	79.20	79.85	77.90
Fresenius	311.50	308	309	312
Fresenius Med	130.90	129	130.70	129.80
Fried. Krupp	362	355.50	358	357.20
Gehe	104	100	103	99.80
Heidelbg Zmt	141	137	139.50	142
Henkel pfd	106	104.30	104.30	105
HEW	451	451	450	446
Hochtief	81	79.80	81	80.90
Hoechst	74.70	73.30	73.50	73.90
Karstadt	650	647	648	650
Lahmeyer	101	94	101	90.90
Linde	1285	1265	1285	1265
Lufthansa R	35.80	35.20	35.29	35.20
MAN	548.50	546.50	548	547
Mannesmann	870	859	864.50	879
Metallgesellschaft	39.50	39.30	39.30	39.30
Metro	81.40	79.30	80.50	79
Munch Rueck R	596	588	588	594
Preussag	503	499	501.50	499
RWE	85.40	84	84	84.40
SAP pfd	437.50	434.50	436.50	432.20
Schering	180.90	178.80	180.40	177.60
SGL Carbon	252	248	252	247
Siemens	119.90	118.75	119.55	116.20
Springer (Axel)	1500	1500	1505	1500
Suedzucker	882	860	882	875
Thyssen	405	402.20	403	401
Veba	99.70	98.20	99.30	98.48
VEW	570	570	570	562
Viag	779	770	770	776
Volkswagen	1188	1159.50	1177	1174

Helsinki
HEX General index: 3505.41 Previous: 3467.72

	High	Low	Close	Prev.
Enso A	51.50	50.20	51.10	49.90
Huhtamaki I	204	199.10	200.50	200
Kemira	50	48	49.50	48.50
Kesko	72	70.50	72	71.20
Merita A	23.20	22.70	23	23.20
Metra B	165	160	162	157
Metsa-Serla B	49	47.20	47.50	48.70
Neste	139.50	135	138	139.50
Nokia A	454	445.50	452	443.70
Orion-Yhtymae	180	177	177	175
Outokumpu A	91	90	90	89
UPM-Kymmene	143.50	140	140.50	140.50
Valmet	87.80	84	87.60	84

Hong Kong
Hang Seng: 14384.13 Previous: 14419.45

	High	Low	Close	Prev.
Amoy Props	8.35	8.10	8.20	8.10
Bk East Asia	27.70	27.10	27.20	27.45
Cathay Pacific	13	12.35	12.50	13.10
Cheung Kong	85.50	83.75	84.50	83.75
CK Infrastruct	23.50	22.40	22.55	23
China Light	42.10	41.10	41.30	41.50
Citic Pacific	45.30	44.10	44.50	45
Dao Heng Bk	36	35.30	35.70	36
First Pacific	8.05	7.90	7.95	8
Hang Lung Dev	14.90	14.70	14.70	14.60
Hang Seng Bk	92	90.25	90.75	90.75
Henderson Inv	9	8.70	9	8.75
Henderson Ld	66.50	64.50	66	64.50
HK China Gas	15.50	15.10	15.20	15.40
HK Electric	28.65	28.05	28.45	28.60
HK Telecomm	17.10	16.65	16.70	16.90
Hopewell Hdgs	4.80	4.55	4.65	4.63
HSBC Hdgs	233	229	231	228
Hutchison Wh	71.75	69.50	69.75	70.50
Hysan Dev	23.45	23.20	23.30	23.20
Johnson El Hdg	20.40	20.30	20.30	20.25
Kerry Props	18.50	18.25	18.25	18.40
New World Dev	47.20	45.20	45.30	46.80
Oriental Press	2.63	2.58	2.60	2.60
Pearl Oriental	1.24	1.17	1.19	1.24
SHK Props	93.25	91.25	91.25	92
Shun Tak Hdgs	5.15	4.97	4.97	5.15
Sino Land Co.	7.25	7.05	7.25	7.10
Sth China Post	6.85	6.50	6.50	6.80
Swire Pac A	62.75	61	61.50	62
Wharf Hdgs	27.45	26.80	27.20	27.40
Wheelock	16.30	15.85	15.85	16.05

Jakarta
Composite index: 531.88 Previous: 524.27

	High	Low	Close	Prev.
Astra Intl	3500	3375	3425	3300
Bk Intl Indon	925	900	925	900
Bk Negara	975	925	925	950
Gudang Garm	8850	8500	8500	8625
Indocement	2250	2225	2225	2200
Indofood	3750	3600	3750	3600
Indosat	7725	7625	7725	7625
Sampoerna HM	6975	6725	6825	6800
Semen Gresik	3075	2975	3025	3025
Telekomunikasi	3375	3275	3350	3225

Johannesburg
All Market: 7177.19 Previous: 7191.75

	High	Low	Close	Prev.
Amalgamtd Bks	32.05	31.35	32.05	31.40
AngloAm Coal	278.50	278	278.50	278
AngloAm Corp	243.75	239	241.50	240.50
AngloAm Gold	240	238.50	238.75	240.50
AngloAm Ind	186	180.50	182	185
AVMIN	11.80	11.55	11.75	11.85
Barlow	55.50	54.25	54.25	54.75
C.G. Smith	23.25	22.20	22.85	23.20
De Beers	139	137	138	137.50
Driefontein	30.10	29.25	29.80	30.35
Fst Natl Bk	38.40	38	38.60	38
Gencor	10.40	10.20	10.20	10.35
GFSA	97	94	95	96
Imperial Hdgs	64.25	62	62.50	64.25
Ingwe Coal	22.35	22.25	22.35	22.25
Iscor	3.19	3.09	3.13	3.16
Johnnies Indl	63	58.25	61	62
Liberty Hdgs	374	372	372	373
Liberty Life	140.75	139.50	140.25	140.50
LibLife Strat	16.15	15.45	15.75	16.10
Minorco	100	98	100	98.75
Nampak	18.50	17.25	17.85	17.75
Nedcor	105.50	101	103	102.50
Rembrandt Gp	42.50	40.40	41.20	42
Richemont	64.25	63	63.25	63.25
Rust Platinum	81	80	80.25	80.50
SA Breweries	135	131	131.25	134
Samancor	35.60	35	35	35.60
Sasol	64.25	62	63.25	63
SBIC	210	203	207.25	204
Tiger Oats	71	68.25	69	70.50

Kuala Lumpur
Composite: 787.84 Previous: 786.68

	High	Low	Close	Prev.
AMMB Hdgs	8.90	8.50	8.60	8.60
Genting	10.20	9.80	10.10	9.80
Mal Banking	17.10	16.40	16.60	16.80
Mal Intl Ship F	5.30	5	5.20	5.05
Petronas Gas	9.30	8.90	9.05	9
Proton	9	8.60	8.70	8.95
Public Bk	2.78	2.72	2.74	2.73
Renong	3.24	3.16	3.18	3.20
Resorts World	7.15	6.95	7.10	7.10
Rothmans PM	26.50	25.75	26	25.75
Sime Darby	6.25	5.95	6.05	6.10
Telekom Mal	9.40	9.05	9.20	9.05
Tenaga	8.10	7.80	7.95	8.10
Utd Engineers	12.20	11.70	11.90	11.90
YTL	4.30	4.12	4.12	4.32

London
FT-SE 100: 5023.80 Previous: 5046.20

	High	Low	Close	Prev.
Abbey Natl	9.10	8.39	8.96	9.07
Allied Domecq	4.92	4.78	4.79	4.89
Anglian Water	8.23	8.13	8.15	8.19
Argos	6.85	6.73	6.81	6.76
Asda Group	1.56	1.54	1.55	1.54
Assoc Br Foods	5.63	5.51	5.51	5.63
BAA	5.72	5.60	5.71	5.68
Barclays	15.25	15.05	15.15	15.19
Bass	8.58	8.50	8.52	8.52
BAT Ind	5.35	5.26	5.33	5.30
Bank Scotland	4.57	4.48	4.52	4.56
Blue Circle	3.87	3.83	3.83	3.85
BOC Group	11.40	11.16	11.34	11.04
Boots	8.40	8.30	8.34	8.39
BPB Ind	3.48	3.42	3.44	3.57
Brit Aerosp	16.88	16.50	16.52	16.85
Brit Airways	6.74	6.57	6.58	6.64
BG	2.65	2.62	2.64	2.59
Brit Land	6.02	5.95	5.97	5.98
Brit Petm	9.23	9.08	9.10	9.09
BSkyB	4.82	4.56	4.79	4.65
Brit Steel	1.87	1.83	1.85	1.85
Brit Telecom	4.58	4	4.06	3.99
BTR	2.42	2.31	2.39	2.40
Burmah Castrol	10.94	10.70	10.72	10.84
Burton Gp	1.27	1.24	1.25	1.24
Cable Wireless	5.52	5.31	5.33	5.46
Cadbury Schw	5.65	5.55	5.62	5.62
Carlton Comm	5.17	5.03	5.12	5
Coml Union	7.72	7.51	7.64	7.71
Compass Gp	6.52	6.34	6.38	6.33
Courtaulds	3.31	3.23	3.25	3.24
Dixons	6.35	6.28	6.30	6.34
Electrocomponents	4.68	4.64	4.64	4.67
EMI Group	6.12	5.86	5.93	5.97
Energy Group	6.44	6.37	6.40	6.41
Enterprise Oil	6.80	6.63	6.66	6.78
Fam Colonial	1.75	1.74	1.75	1.75
Genl Accident	9.66	9.58	9.61	9.63
GEC	3.91	3.85	3.88	3.87
GKN	13.02	12.92	12.96	12.97
Glaxo Wellcome	13.58	13.33	13.34	13.50
Granada Gp	8.27	8.07	8.24	8.04
Grand Met	6	5.91	5.96	5.92
GRE	2.92	2.82	2.84	2.88
Greenalls Gp	4.54	4.50	4.51	4.55
Guinness	5.82	5.67	5.76	5.79
GUS	6.89	6.67	6.80	6.85
Hays	6.48	6.43	6.47	6.43
HSBC Hldgs	19.53	18.56	18.71	18.78
ICI	10.18	9.70	9.86	10.18
Impl Tobacco	3.72	3.63	3.71	3.68
Kingfisher	7.97	7.78	7.84	7.95
Ladbroke	2.64	2.58	2.60	2.62
Land Sec	9.32	9.23	9.32	9.24
Lasmo	2.67	2.58	2.61	2.64
Legal Genl Grp	4.49	4.41	4.49	4.45
Lloyds TSB Gp	7.88	7.63	7.64	7.85
LucasVarity	2.33	2.23	2.24	2.24
Marks Spencer	6.11	6	6.02	6.10
MEPC	4.90	4.83	4.86	4.86
Mercury Asset	12.35	12.05	12.21	12.30
National Grid	2.84	2.80	2.81	2.81
Natl Power	5.49	5.38	5.45	5.43
NatWest	8.95	8.73	8.73	8.86
Next	7.53	7.42	7.46	7.50
Norwich Union	3.44	3.35	3.38	3.43
Orange	2.23	2.19	2.20	2.22
P&O	6.82	6.73	6.79	6.72
Pearson	7.63	7.52	7.54	7.56
Pilkington	1.54	1.49	1.50	1.52
PowerGen	7.67	7.46	7.65	7.50
Premier Farnell	5.35	5.25	5.29	5.30
Prudential	6.37	6.25	6.33	6.25
Railtrack Gp	8.57	8.28	8.34	8.45
Rank Group	3.57	3.49	3.51	3.51
Reckitt Colm	9.80	9.67	9.69	9.77
Redland	2.83	2.72	2.73	2.82
Reed Intl	5.75	5.63	5.66	5.72
Rentokil Initial	2.54	2.46	2.53	2.46
Reuters Hldgs	7	6.92	6.99	6.97
Rexam	3.30	3.25	3.26	3.28
RTZ reg	10.05	9.93	9.99	9.91
RMC Group	10.27	9.95	10.20	9.98
Rolls Royce	2.38	2.33	2.34	2.39
Royal Bk Scot	6.40	6.20	6.33	6.23
Royal & Sun All	5.48	5.41	5.46	5.45
Safeway	3.97	3.84	3.87	3.94
Sainsbury	4.51	4.40	4.46	4.43
Schroders	18.78	17.70	17.73	17.95
Scot Newcastle	7.39	7.33	7.36	7.37
Scot Power	4.52	4.44	4.49	4.43
Securicor	2.60	2.52	2.60	2.56
Severn Trent	8.77	8.63	8.66	8.74
Shell Transp R	4.57	4.37	4.48	4.51
Siebe	11.75	11.43	11.46	11.74
Smith Nephew	1.87	1.85	1.87	1.87
SmithKline	5.58	5.45	5.46	5.51
Smiths Ind	8.94	8.81	8.85	8.95
Sthern Elec	4.52	4.45	4.45	4.52
Stagecoach	6.85	6.75	6.77	6.80
Stand Charter	8.63	8.28	8.32	8.59
Tate & Lyle	4.26	4.14	4.21	4.14
Tesco	4.62	4.45	4.60	4.58
Thames Water	8.28	8.20	8.21	8.25
3i Group	5.04	5	5.02	5.02
TI Group	6.37	6.13	6.16	6.33
Tomkins	3.30	3.26	3.26	3.28
Unilever	17.87	17.60	17.64	17.79
Utd Assurance	4.92	4.86	4.90	4.85
Utd News	7.60	7.55	7.56	7.57
Utd Utilities	7.09	6.98	7.07	6.98
Vendome Lx uts	4.75	4.47	4.69	4.75
Vodafone	3.30	3.25	3.29	3.28
Whitbread	8.63	7.96	7.97	8.02
Williams Hdgs	3.61	3.52	3.55	3.56
Wolseley	4.95	4.88	4.90	4.89
WPP Group	2.88	2.83	2.86	2.85
Zeneca	19.95	19.56	19.56	19.74

Madrid
Bolsa index: 609.65 Previous: 608.05

	High	Low	Close	Prev.
Acerinox	26580	26250	26500	25970
ACESA	2005	1975	1990	1995
Aguas Barcelon	6020	5970	6000	5980
Argentaria	8380	8230	8280	8220
BBV	4380	4325	4380	4350
Banesto	1465	1445	1455	1455
Bankinter	8310	8200	8280	8320
Bco Centro Hisp	6170	6080	6140	6120
Bco Popular	9400	9160	9200	9270
Bco Santander	4630	4540	4565	4600
CEPSA	4550	4530	4530	4550
Continente	2940	2845	2860	2910
Corp Mapfre	8590	8410	8460	8530
Endesa	3130	3090	3115	3100
FECSA	1270	1205	1265	1265
Gas Natural	7920	7600	7850	7650
Iberdrola	1785	1760	1775	1785
Pryca	2740	2660	2685	2700
Repsol	6390	6310	6390	6330
Sevillana Elec	1425	1385	1410	1415
Tabacalera	9800	9690	9800	9600
Telefonica	4420	4325	4345	4390
Union Fenosa	1270	1250	1265	1265
Valenc Cement	2840	2790	2825	2820

Manila
PSE index: 2078.57 Previous: 2089.85

	High	Low	Close	Prev.
Ayala B	13.50	13	13.25	13
Ayala Land	16.25	15.50	16	15.25
Bk Philip Isl	106	97.50	103	97.50
C&P Homes	3.85	3.30	3.75	3.35
Manila Elec A	76	73	76	73
Metro Bank	362.50	350	352.50	350
Petron	4.75	4.25	4.70	4.20
PCIBank	154	147	147	151
Phil Long Dist	950	915	945	915
San Miguel B	57	55	56.50	57
SM Prime Hdg	6.20	6	6.10	5.80

Mexico
Bolsa index: 5142.94 Previous: 5074.88

	High	Low	Close	Prev.
Alfa A	70.20	66.90	70.10	66.90
Banacci B	23.90	23.45	23.70	23.90
Cemex CPO	40.10	39.60	39.90	39.60
Cifra C	15.62	15.52	15.60	15.58
Emp Moderna	42.00	40.45	41.80	40.45
Gpo Carso A1	64.00	63.20	63.70	63.80
Gpo F Bcomer	3.46	3.38	3.42	3.40
Gpo Fin Inburso	33.00	32.60	32.70	33.00
Kimb Clark Mex	37.35	36.85	37.00	37.20
Televisa CPO	148.30	146.90	148.30	146.90
TelMex L	19.16	18.62	19.10	18.70

Milan
MIB Telematico: 15229.00 Previous: 15075.00

	High	Low	Close	Prev.
Alleanza Assic	16650	16210	16520	16200
Bca Comm Ital	4830	4680	4700	4790
Bca Fideuram	7110	6670	6900	6605
Bca di Roma	1657	1625	1640	1606
Benetton	28000	27500	27850	27800
Credito Italiano	3975	3850	3925	3820
Edison	8840	8670	8695	8695
ENI	10545	10400	10465	10395
Fiat	6000	5865	5950	5930
Generali Assic	39650	39000	39200	38950
IMI	18000	17475	17970	17450
INA	2675	2610	2675	2615
Italgas	5850	5750	5850	5745
Mediaset	8650	8525	8640	8530
Mediobanca	13900	13555	13700	13540
Montedison	1304	1279	1286	1282
Olivetti	903	885	890	904
Parmalat	2810	2775	2785	2810
Pirelli	4895	4750	4855	4670
RAS	15250	14950	15015	14875
Rolo Banca	23600	23200	23250	23100
S Paolo Torino	12390	11980	12140	12110
Telecom Italia	11320	11170	11290	11180
TIM	6740	6620	6685	6565

Montreal
Industrials index: 3671.21 Previous: 3706.99

	High	Low	Close	Prev.
Bce Mob Com	51.35	50.90	50.90	51.35
Cdn Tire A	29	28½	28.90	28¾
Cdn Util A	37¼	37.25	37¼	37.35
CT Finl Svc	44½	44	44.40	44.40
Gaz Metro	18.40	18.05	18.30	18.35
Gt-West Lifeco	32.65	32.40	32.55	32.65
Imasco	40.40	40.20	40.40	40.35
Investors Grp	40.15	39¾	40.15	39.90
Loblaw Cos	20.80	20.80	20.80	20.80
Natl Bk Canada	19	18.85	18.95	18.95
Power Corp	39.20	38¾	38.90	39.15
Power Finl	38½	37.70	38.15	38.20
Quebecor B	26¼	26.15	26¼	26.15
Rogers Comm B	8.70	8.65	8.65	8.80
Royal Bk Cda	66¼	66	66¼	66.40

Oslo
OBX index: 699.08 Previous: 696.08

	High	Low	Close	Prev.
Aker A	133	130.50	131	132
Bergesen Dy A	201	198	201	198
Christiania Bk	24.90	24.20	24.30	24.50
Den norske Bk	29.90	29.40	29.40	29.20
Elkem	131	127	127.50	130
Hafslund A	45	43.50	43.50	43.50
Kvaerner Asa	414	406	414	406.50
Norsk Hydro	434	422	422	432.50
Norske Skog A	262.50	256	257.50	255
Nycomed A	168	164	168	164
Orkla Asa A	591	587	591	585
Petrm GeoSvc	465	459	459	460
Saga Petrm A	150	147	149	146
Schibsted	125	124	124.50	123.50
Transocean Off	N.T.	N.T.	N.T.	690
Storebrand Asa	52.50	51.50	52	52

Paris
CAC-40: 2977.18 Previous: 2978.37

	High	Low	Close	Prev.
Accor	1037	985	1002	991
AGF	247	238.10	243.40	240.40
Air Liquide	942	926	942	936
Alcatel Alsth	847	816	816	839
Axa-UAP	396.40	392.30	395.20	396
Bancaire	722	690	711	695
BIC	459.50	435.30	450	439.70
BNP	293	288.20	290	290.30
Canal Plus	1098	1043	1057	1122
Carrefour	3540	3425	3454	3520
Casino	susp.	susp.	susp.	332.10
CCF	329.80	322.50	323	323.20
Cetelem	625	611	616	620
Christian Dior	877	849	876	856
CLF-Dexia Fran	558	542	544	558
Credit Agricole	1320	1301	1320	1303
Danone	911	887	903	874
Elf-Aquitaine	823	797	814	802
Eridania BS	884	848	875	828
Euro Disney	8.25	6	8	8.10
Eurotunnel	6.45	6.30	6.45	6.40
Gen. Eaux	695	680	680	694
Havas	404	397	402.90	396.10
Imetal	878	860	867	868
Lafarge	444	437.30	443	443.10
Legrand	1250	1202	1214	1251
L'Oreal	2335	2261	2280	2300
LVMH	1373	1342	1350	1337
Michelin B	343.70	329	332.50	342
Paribas A	427	419.10	423	424.60
Pernod Ricard	307	296	304.60	299
Peugeot Cil	771	757	767	770
Pinault-Print	2678	2590	2630	2621
Promodes	2209	2165	2180	2163
Renault	175.50	172.80	174.20	176.90
Rexel	1649	1600	1630	1666
Rh-Poulenc A	242.80	235.20	237.50	241.20
Sanofi	624	608	621	617
Schneider	372	360	363	370.20
SEB	857	834	855	840
SGS Thomson	537	525	528	525
Ste Generale	839	829	835	835
Sodexho	2980	2851	2900	2845
St Gobain	922	886	897	913
Suez Lyon Eaux	652	636	648	654
Synthelabo	729	713	720	715
Thomson CSF	180	175	176	181
Total B	693	664	693	662
Usinor	111.30	108.20	109.70	110.40
Valeo	385	375	385	375.70

São Paulo
Bovespa Index: 11718.00 Previous: 11714.00

	High	Low	Close	Prev.
Bradesco Pfd	10.95	10.50	10.70	10.90
Brahma Pfd	832.00	827.00	830.50	830.00
Cemig Pfd	59.50	58.21	58.990	58.40
CESP Pfd	89.70	86.00	88.00	87.00
Copel	18.20	17.70	17.70	18.40
Eletrobras	584.00	567.00	574.00	567.99
Itaubanco Pfd	600.01	599.95	600.00	600.00
Light Servicios	465.99	461.01	464.00	470.00
Lightpar	375.00	363.01	363.01	370.00
Petrobras Pfd	304.99	297.00	300.00	300.00
Paulista Luz	207.00	197.99	197.99	198.00
Sid Nacional	42.50	41.50	42.50	41.95
Souza Cruz	10.55	10.40	10.54	10.40
Telebras Pfd	143.99	140.60	141.20	143.00
Telemig	166.00	164.00	165.60	165.00
Telerj	142.00	132.30	140.00	132.21
Telesp Pfd	325.00	310.01	322.00	310.01
Unibanco	39.30	37.00	39.30	38.60
Usiminas Pfd	11.93	11.80	11.85	12.00
CVRD Pfd	28.60	28.00	28.00	28.39

Seoul
Composite index: 689.16 Previous: 701.39

	High	Low	Close	Prev.
Dacom	85900	85000	85300	85800
Daewoo Heavy	7640	7450	7500	7640
Hyundai Eng.	19500	18700	18700	19500
Kia Motors	10300	9400	9700	10200
Korea El Pwr	22900	22200	22200	22800
Korea Exch Bk	5150	5010	5070	5150
LG Semicon	43000	40500	40500	44000
Pohang Iron St	60500	59000	59500	60200
Samsung Display	47000	46200	46200	47000
Samsung Elec	71400	69500	70000	71300
Shinhan Bank	9100	8400	8700	9100
SK Telecom	462000	450500	459500	474000

Singapore
Straits Times: 1894.73 Previous: 1896.09

	High	Low	Close	Prev.
Asia Pac Brew	5.30	5.30	5.30	5.30
Cerebos Pac	5.20	5.10	5.20	5.15
City Devits	9.70	9.55	9.70	9.65
Cycle Carriage	10	9.90	9.90	9.95
Dairy Farm Intl *	0.97	0.92	0.96	0.93
DBS foreign	16	15.70	15.70	15.80
DBS Land	3.74	3.70	3.70	3.72
Fraser & Neave	9.10	8.95	8.95	9.10
HK Land *	3.30	3.10	3.28	3.28
Jard Matheson *	8.15	8.05	8.05	8.20
Jard Strategic *	3.90	3.86	3.86	3.84
Keppel A	5.90	5.85	5.90	5.85
Keppel Bank	3.16	3.10	3.12	3.12
Keppel Fels	4.48	4.44	4.48	4.48
Keppel Land	3.96	3.90	3.94	3.92
OCBC foreign	10.90	10.60	10.70	10.70
OS Union Bk F	6.95	6.55	6.95	6.55
Parkway Hdgs	5.85	5.65	5.80	5.60
Sembawang	6.70	6.60	6.60	6.55
Sing Air foreign	12.80	12.30	12.30	12.70
Sing Land	7.30	7.05	7.30	7.10
Sing Press F	23	22.60	22.80	23.20
Sing Tech Ind	2.61	2.45	2.60	2.45
Sing Telecomm	2.29	2.23	2.24	2.23
Tat Lee Bank	2.80	2.79	2.79	2.80
Utd Industrial	1.04	1.02	1.04	1.03
Utd OSea Bk F	11.40	11.20	11.20	11.30
Wing Tai Hdgs	3.14	3.04	3.06	3.04

*: in U.S. dollars.

Stockholm
SX 16 index: 3398.86 Previous: 3436.27

	High	Low	Close	Prev.
AGA B	122	119.50	119.50	121.50
ABB A	110.50	107.50	107.50	109.50
AssiDoman	254	248	252	250
Astra A	134	131.50	131.50	134.50
Atlas Copco A	251	244	246	249
Autoliv	346	335	342	336
Electrolux B	587	575	578	587
Ericsson B	346.50	343	343	346
Hennes B	326.50	316	317	323.50
Incentive A	724	712	718	701
Investor B	407	397	398	404
MoDo B	287	272	284	274
Nordbanken	258.50	255	258.50	258
Pharm/Upjohn	280	277	278.50	281
Sandvik B	251	249	250.50	249
Scania B	229.50	226	226	228.50
SCA B	195.50	192	193	193
S-E Banken A	92	90.50	91.50	91
Skandia Fors	348	330	333.50	340
Skanska B	323	318	318	322
SKF B	224	218	220	217
Sparbanken A	183.50	177.50	179	182
Stora A	135.50	133	133.50	134
Sv Handels A	254	235	249	252
Volvo B	212.50	208	208.50	209.50

Sydney
All Ordinaries: 2738.40 Previous: 2696.30

	High	Low	Close	Prev.
Amcor	8.77	8.66	8.75	8.68
ANZ Bkng	11.12	10.83	11.12	10.80
BHP	16.35	15.44	15.70	16.08
Boral	4.12	4.04	4.08	4.05
Brambles Ind.	30.10	29.30	29.87	29.20
CBA	17.10	16.62	16.94	16.62
CC Amatil	14.85	14.63	14.78	14.83
Coles Myer	6.95	6.64	6.83	6.63
Comalco	6.65	6.61	6.65	6.65
CSR	5.75	5.45	5.70	5.45
Fosters Brew	2.85	2.80	2.84	2.80
Goodman Fld	2.30	2.22	2.25	2.19
ICI Australia	12.95	12.62	12.90	12.56
Lend Lease	34.10	31.55	33.20	31.55
MIM Hdgs	1.59	1.54	1.58	1.55
Nat Aust Bank	22.45	21.04	21.90	20.95
Nat Mutual Hdg	2.35	2.25	2.29	2.29
News Corp	6.65	6.56	6.60	6.60
Pacific Dunlop	3.69	3.66	3.68	3.67
Pioneer Intl	4.74	4.68	4.69	4.70
Pub Broadcast	8.70	8.48	8.70	8.50
Rio Tinto	20.85	20.39	20.82	20.26
St George Bank	8.68	8.54	8.68	8.50
WMC	6.35	6.17	6.20	6.17
Westpac Bking	8.74	8.48	8.63	8.42
Woodside Pet	12.50	12.20	12.42	12.20
Woolworths	4.48	4.36	4.48	4.34

Taipei
Stock Market index: 9243.71 Previous: 9141.33

	High	Low	Close	Prev.
Cathay Life Ins	139.50	135	137	134
Chang Hwa Bk	110	104	109	103
Chiao Tung Bk	84	81	82	81
China Develpmt	124.50	122	122.50	121
China Steel	28.90	28.50	28.70	28.60
First Bank	110	103.50	109	103
Formosa Plastic	59.50	58.50	59.50	59
Hua Nan Bk	117.50	111	117.50	110
Intl Comm Bk	58	56	57	55.50
Nan Ya Plastics	71	70.50	71	71
Shin Kong Life	91	88	89.50	87.50
Taiwan Semi	150	143.50	148	144
Tatung	47	45	46.20	45
Utd Micro Elec	99	96	97	97
Utd World Chin	63.50	62	62.50	62

Tokyo
Nikkei 225: 18058.21 Previous: 17930.89

	High	Low	Close	Prev.
Ajinomoto	1020	1000	1020	1030
All Nippon Air	710	700	709	710
Amway	3420	3350	3400	3350
Asahi Bank	750	740	741	755
Asahi Chem	566	556	557	565
Asahi Glass	921	910	918	923
Bk Tokyo Mitsu	2270	2210	2270	2230
Bk Yokohama	490	481	490	481
Bridgestone	2870	2760	2870	2810
Canon	3630	3490	3630	3530
Chubu Elec	2070	2060	2070	2060
Chugoku Elec	1980	1960	1980	1970
Dai Nipp Print	2430	2370	2420	2410
Daiei	699	680	685	686
Dai-Ichi Kang	1310	1270	1300	1330
Daiwa Bank	512	493	509	503
Daiwa House	1360	1340	1350	1340
Daiwa Sec	722	693	720	710
DDI	6090a	6020a	6030a	6020a
Denso	3060	2960	3060	2950
East Japan Ry	5490a	5250a	5440a	5450a
Eisai	2300	2250	2300	2250
Fanuc	4700	4560	4600	4680
Fuji Bank	1370	1340	1360	1370
Fuji Photo	4880	4760	4850	4830
Fujitsu	1520	1460	1490	1450
Hachijuni Bk	1150	1130	1150	1150
Hitachi	1070	1050	1070	1040
Honda Motor	4210	4030	4170	3950
IBJ	1440	1400	1430	1430
IHI	329	320	327	330
Itochu	465	443	455	455
Ito-Yokado	6000	5950	6000	5980
JAL	479	471	475	479
Japan Tobacco	9430a	9150a	9210a	9450a
Jusco	2850	2540	2580	2850
Kajima	569	562	562	565
Kansai Elec	2180	2160	2180	2170
Kao	1650	1630	1640	1650
Kawasaki Hvy	418	405	406	427
Kawa Steel	241	233	236	233
Kinki Nipp Ry	689	682	684	690
Kirin Brewery	1020	1000	1020	1030
Kobe Steel	161	152	160	152
Komatsu	698	690	693	693
Kubota	464	440	445	465
Kyocera	7820	7750	7750	7720
Kyushu Elec	2040	2000	2040	2010
LTCB	521	492	521	513
Marubeni	409	396	400	410
Marui	2030	1990	2010	2000
Matsu Comm	3590	3400	3590	3460
Matsu Elec Ind	2120	2080	2110	2120
Matsu Elec Wk	1270	1240	1270	1250
Mitsubishi	1090	1070	1090	1090
Mitsubishi Ch	300	289	289	289
Mitsubishi El	511	506	511	506
Mitsubishi Est	1680	1650	1670	1660
Mitsubishi Hvy	645	635	639	655
Mitsubishi Mat	663	625	638	653
Mitsubishi Tr	1820	1740	1780	1750
Mitsui	926	900	925	905
Mitsui Fudosn	1530	1450	1520	1450
Mitsui Trust	599	584	597	594
Murata Mfg	5180	5060	5150	4950
NEC	1390	1350	1390	1370
Nikko Sec	1880	1810	1880	1860
Nikon	486	473	477	487
Nintendo	11400	11100	11400	11100
Nipp Express	782	773	778	787
Nippon Oil	501	486	486	504
Nippon Steel	247	239	243	248
Nissan Motor	708	694	699	700
NKK	181	178	178	181
Nomura Sec	1450	1420	1440	1450
NTT	1070b	1040b	1070b	1060b
NTT Data	5270b	5200b	5220b	5270b
Oji Paper	555	549	550	552
Osaka Gas	293	282	288	295
Ricoh	1750	1690	1740	1720
Rohm	13400	13100	13400	13100
Sakura Bk	637	610	625	628
Sankyo	4040	3950	4000	3950
Sanwa Bank	1480	1420	1450	1490
Sanyo Elec	400	385	391	404
Secom	8000	7900	7970	8000
Seibu Rwy	4830	4780	4830	4780
Sekisui Chem	914	898	904	915
Sekisui House	1180	1150	1180	1140
Seven-Eleven	8850	8700	8850	8720
Sharp	1170	1140	1150	1180
Shikoku El Pwr	1990	1970	1990	1970
Shimizu	569	555	563	567
Shin-etsu Ch	3240	3090	3210	3090
Shiseido	1960	1910	1960	1890
Shizuoka Bk	1270	1250	1260	1270
Softbank	5070	5000	5050	5040
Sony	11000	10600	10900	10800
Sumitomo	875	860	875	870
Sumitomo Bk	1770	1720	1750	1730
Sumit Chem	429	417	427	421
Sumitomo Elec	1740	1720	1730	1710
Sumit Metal	257	249	257	250
Sumit Trust	1140	1110	1140	1130
Taisho Pharm	3080	3000	3000	3030
Takeda Chem	3520	3480	3510	3500
TDK	10000	9810	9980	9900
Tohoku El Pwr	2000	1970	1980	1990
Tokai Bank	946	933	945	954
Tokio Marine	1400	1360	1380	1430
Tokyo El Pwr	2310	2280	2290	2300
Tokyo Electron	7380	7060	7260	7060
Tokyo Gas	282	273	282	289
Tokyu Corp.	569	558	561	558
Tonen	1080	1070	1080	1080
Toppan Print	1610	1560	1570	1620
Toray Ind	712	691	696	701
Toshiba	652	635	644	638
Tostem	1890	1820	1830	1870
Toyo Trust	930	912	917	940
Toyota Motor	3590	3470	3570	3460
Yamanouchi	2950	2910	2930	2950

a: x 100; b: x 1,000

Toronto
TSE Industrials: 6976.26 Previous: 6970.29

	High	Low	Close	Prev.
Abitibi Cons.	24.85	24.45	24.80	24.70
Alberta Energy	33.70	33.10	33¼	33½
Alcan Alum	49.90	49¼	49.35	49.40
Anderson Expl	17½	17.10	17.10	17.40
Bk Montreal	58.15	57.35	58	57.95
Bk Nova Scotia	65.15	64.05	64.95	64.70
Barrick Gold	31¼	30.95	31.10	30.70
BCE	42.70	41.55	42.35	42
BC Telecomm	35.70	35¼	35¼	35.70
Biochem Pharm	43.90	43½	43¾	44
Bombardier B	28.90	28½	28.55	28.95
Cameco	48.35	47¼	47¾	48
CIBC	40.05	39.05	39.95	39.85
Cdn Natl Rail	72.40	71.80	72¼	72.15
Cdn Nat Res	41¾	41¼	41¾	42.10
Cdn Occid Pet	37½	37	37.40	37.15
Cdn Pacific	42.55	42.15	42.40	42.30
Cominco	34	33½	33¾	33¾
Dofasco	28.05	27½	28	28
Domtar	12½	12.40	12.40	12.35
Donohue A	33	32½	33	32.35
Du Pont Cda A	34	33½	33½	33½
EdperBrascan	23.45	23.10	23.45	23.15
EuroNev Mng	23.20	22.85	23.20	23
Fairfax Finl	395	395	395	395
Falconbridge	26.05	25.45	25.70	25.15
Fletcher Chall A	23.85	23½	23.85	23¾
Franco Nevada	30.95	29.80	30.90	29.90
Gulf Cda Res	11¾	11.45	11¾	11.45
Imperial Oil	78.95	78.20	78.95	78.60
Inco	35	33.60	33.85	35.90
IPL Energy	53.35	53¼	53.35	53.20
Laidlaw B	22.40	22.15	22¼	22.35
Loewen Group	39	37.45	38.85	37.40
Macmill Bld	20.10	19½	20	19½
Magna Intl A	97	96.30	96.55	96.90
Methanex	11.35	11.20	11.30	11.30
Moore	30¼	29.90	30	30.20
Newbridge Net	84	82¾	82.90	83¾
Noranda Inc	27.90	27.30	27.35	27.40
Norcen Energy	35.40	35.10	35.40	35¼
Nthern Telecom	146.15	143.85	144	146.15
Nova	11.60	11.40	11.40	11.55
Onex	35¼	34	35	34½
Pancdn Petlm	26.90	26.30	26.60	26.40
Petro Cda	25.80	25.35	25.65	25.40
Placer Dome	22.90	22.35	22.40	22.35
Poco Petlm	13¾	13.60	13.65	13.65
Potash Sask	105½	104.30	104.30	105¾
Renaissance	36	35.20	35¼	35.90
Rio Algom	30.60	30.10	30½	30.20
Rogers Cantel B	25.30	25.30	25.30	25.20
Seagram Co	49.35	48.70	49	49¼
Shell Cda A	23.35	23.20	23¼	23¼
Suncor	45.65	45	45.35	45¼
Talisman Eny	47.30	46¼	46.85	47.30
Teck B	26	24.80	25¼	25
Teleglobe	50.20	49.90	50.20	49.80
Telus	29¾	29.55	29.55	30.10
Thomson	33.70	33.15	33.15	33.80
TorDom Bank	46¾	46.30	46.60	46.60
TransAlta	17.95	17.80	17.85	17.95
TransCda Pipe	27.45	27.20	27.20	27.40
Trimark Finl	82½	80.10	81.60	84
Trizec Hahn	33.10	32.70	33.10	32.85
TVX Gold	7.05	6.80	6.85	6.90
Westcoast Eny	28.60	28.40	28.45	28.60
Weston	106	104.05	106	107½

Vienna
ATX index: 1388.44 Previous: 1377.34

	High	Low	Close	Prev.
Boehler-Uddeh	990	960	985	969
Creditanst Pfd	634	623.60	626	627
EA-Generali	3110	3010	3090	3005
EVN	1494.50	1475.25	1481	1480
Flughafen Wien	504	491	499.50	491
OMV	1813	1765	1797	1771
Oest Elektriz	879	870.05	872.10	871.80
VA Stahl	570	555	562.50	560
VA Tech	2719	2640	2641.10	2630
Wienerberg Bau	2577	2530	2530	2531

Wellington
NZSE-40 index: 2568.68 Previous: 2553.75

	High	Low	Close	Prev.
Air N Zeald B	4.15	4.09	4.15	4.07
Brierly Invt	1.33	1.33	1.33	1.32
Carter Holt ord	3.51	3.45	3.50	3.44
Fletch Ch Bldg	4.82	4.77	4.80	4.75
Fletch Ch Eny	6.55	6.50	6.53	6.50
Fletch Ch Forst	2.04	2.07	2.03	1.98
Fletch Ch Paper	3.26	3.22	3.23	3.16
Lion Nathan	3.75	3.73	3.73	3.70
Telecom NZ	8.32	8.20	8.25	8.21
Wilson Horton	11.35	11.35	11.35	11.35

Zurich
SPI index: 3593.30 Previous: 3598.82

	High	Low	Close	Prev.
ABB B	2190	2135	2146	2175
Adecco B	586	567	575	571
Alusuisse R	1346	1312	1312	1340
Ares-Serono B	2380	2345	2365	2370
Atel R	850	840	850	840
Baer Hdg B	2170	2150	2160	2150
Baloise Hdg	2072	2050	2072	2045
BK Vision	1140	1130	1130	1132
Ciba Spec Chem	143	139.50	140.25	142
Clariant R	1174	1144	1170	1149
Crd Suisse Gp R	197	191.50	193	196
Elektrowatt B	537	535	537	537
Ems-Chemie	6980	6875	6890	6900
ESEC Hdg	4000	3930	4000	3950
Holderbank B	1383	1352	1358	1361
Liechtenst LB B	574	573	573	575
Nestle R	1985	1949	1961	1950
Novartis R	2284	2224	2230	2251
Oerlikn Bueh R	186	183	184	186.25
Pargesa Hld B	1840	1825	1840	1835
PharmVisn B	902	878	880	898
Richemont A	2040	1980	1995	2010
Pirelli PC	328.50	320	320	326
Roche Hdg PC	13425	13180	13400	13345
SBC R	389.50	381	382	386.50
Schindler PC	1853	1840	1840	1865
SGS B	2769	2690	2690	2660
SMH B	898	870	872	900
Sulzer R	1056	1015	1035	1010
Swiss Reins R	2250	2182	2199	2175
SAir Group R	1920	1898	1907	1913
UBS B	1595	1555	1560	1565
Winterthur R	1423	1395	1402	1417
Zurich Assur R	614	598	602	604

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	174.50	+0.11	+0.06	+17.00
Regional Indexes				
Asia/Pacific	117.08	+0.26	+0.22	-5.14
Europe	189.39	+0.01	+0.01	+17.49
N. America	207.88	+0.01	+0.00	+28.39
S. America	169.52	+0.51	+0.30	+48.14
Industrial Indexes				
Capital goods	221.82	+0.06	+0.03	+29.78
Consumer goods	191.42	+0.45	+0.24	+18.58
Energy	207.38	+0.37	+0.18	+21.48
Finance	128.70	-0.11	-0.09	+10.51
Miscellaneous	185.17	+0.05	+0.03	+14.46
Raw Materials	184.21	-1.44	-0.78	+5.03
Service	164.64	+0.14	+0.09	+19.90
Utilities	169.96	+0.85	+0.50	+18.47

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

NYSE

Friday's 4 P.M. Close
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

EGYPT

LIBERALIZATION. DEREGULATION. PRIVATIZATION.

Developments in the industrial and agricultural sectors are leading to improved production, increased exports and reduced budget deficit and inflation rates. [And] A diversity of new investment opportunities are available.

– PRESIDENT MOHAMAD HOSNI MUBARAK
in an interview with Egyptian Al Ahram daily.
August 15, 1997

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Continued on Page 18

Tax Cuts Weighed In Japan

Government Lowers Its Economic Sights

Compiled by Our Staff From Dispatches

TOKYO — Japan will consider cutting taxes on corporate income and real estate and securities transactions to stimulate the economy, a leading official said Friday as the government downgraded its assessment of the country's economy.

Prime Minister Ryutaro Hashimoto instructed cabinet ministers to speed up planned economic reforms. He told the Economic Planning Agency to identify planned structural reforms that could be hastened to spur the economy quickly.

The agency said in its September report that private-sector demand had slowed because of the protracted affect of the April increase in the national sales tax.

The deputy minister of the agency, Shinpei Nukaya, said it would be "fairly difficult" to achieve the original government target of a 1.9 percent growth in gross domestic product for the year to March.

But from Speaking a day before central bankers and finance ministers meet in Hong Kong, the head of the agency, Koji Omi, said that Tokyo was prepared to lower tax rates.

Japan is likely to come under pressure at the meeting of the leading industrialized nations to increase domestic demand to help its economy. Rubin, said Thursday that the U.S. Treasury secretary, Robert Rubin, said Thursday that Japan's widening trade surplus and official gobbling domestic demand were ''adding new concerns about the outlook for growth and stability of Japan's economic recovery.

They did, it does look as though they'll be able to sell these measures up in a pretty big way," Richard Jerram of ING Barings (Japan) Ltd. of the Japanese proposal. "But they'll make only a little difference to the economy."

For Mr. Jiang, the difference to the economy appears to lie in a bizarre expediency and International Monetary Fund ownership: Mr. Nukaya said its forecast for 1997 Japanese growth was a way of "Denying Thursday to 1.1 percent.

Four days later, the IMF estimate of the pattern of the Communist Party congress, Japan's economy and of growth that state ownership is acceptable," Mr. Nukaya said. However, the key

Japan said last week that its economy shrank 2.9 percent in the April-June quarter, or 11.2 percent at an annual rate, the worst performance since the "oil shock" of 1974.

While Mr. Omi made no specific proposals, several government panels are discussing measures to cut taxes to lesson the burden on corporations and ease sales of securities and real estate.

A Liberal Democratic Party panel is considering a cut in the basic corporate tax rate, which now stands at 37.5 percent. Japan's top corporate tax rate is 49.98 percent, among the world's highest.

Japanese businesses may be willing to accept the end of some tax exemptions in return for a cut in corporate tax rates, said Hiroshi Kato, chairman of a key government tax panel.

Businesses are seeking a 10 percentage point reduction in the top corporate tax rate, Mr. Kato said.

In return, the businesses are showing more support for a government proposal to eliminate tax exemptions for retirement bonus reserves, loan-loss reserves and other funds for future business expenditures. *(Bloomberg, AFP, Reuters)*

Thais Are Urged to Speed Reforms

By Alan Friedman
International Herald Tribune

HONG KONG — The World Bank president, James Wolfensohn, called Friday on Thailand to speed up its reforms of the banking and financial sector to restore investor confidence in the crisis-ridden economy.

"We'd like to see the Thais move more quickly and more definitively," he said at a news conference here.

Mr. Wolfensohn, who said the recent financial turmoil in East Asia would be at the center of his meetings with finance ministers from the region, said the World Bank was prepared to work closely with Thai authorities.

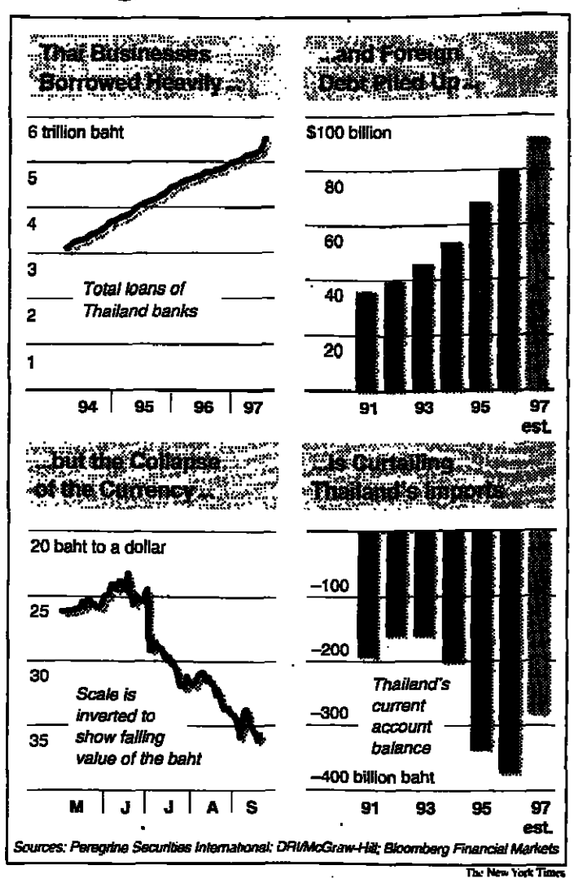
"We're ready to move the next minute they are ready to talk to us," he said, adding that the World Bank was already cooperating closely with the International Monetary Fund on the Thai bailout.

The World Bank president also acknowledged Friday that the Thai authorities might be distracted because "they have their own political problems." He cited the coming no-confidence motion in Parliament next week.

"That is a moment where they will focus on domestic political issues," he said, "rather than the issue of financial management, and we hope there will be strong political leadership after the vote."

Seeking to reassure investors, Mr. Wolfensohn added: "I believe there is inherent strength in Thailand, Indonesia and Malaysia, but there is fear in the financial system, and this is not a five-minute fix. In the coming days, during meetings here in Hong Kong, we will try to reassure the world."

In Bangkok, meanwhile, Thailand's prime minister sought to reassure the IMF of his government's commitment to the terms of the IMF's $17.2 billion emergency bailout. Prime Minister Chaovalit Yongchaiyut told the IMF managing director, Michel Camdessus, on Friday that his government would fully implement the IMF plan. The two held talks on the margins of a meeting of Asian and European finance ministers in the Thai capital.



Sources: Peregrine Securities International; DRI/McGraw-Hill; Bloomberg Financial Markets

The New York Times

A day before, on Thursday, Mr. Camdessus had said that Bangkok was "complying pretty well" with the rescue plan, which calls for slashing the current account deficit, bolstering foreign exchange reserves, making sharp cuts in public spending, and setting new inflation and growth targets.

At the Bangkok meeting, finance ministers from 25 European and Asian governments pledged to cooperate to come up with common policies to deal with threats to the global financial system.

Thanong Bidaya, the Thai finance minister, said, "It is hoped that new measures and initiatives to emerge from today's discussion will lead to further strengthening of Asia-Europe financial cooperation."

Mr. Chaovalit thanked the world financial community and the IMF for its August rescue package. He said that, as international financial markets became more complex, "financial policymakers from Asia and Europe must step up their cooperation on macroeconomic and financial policies."

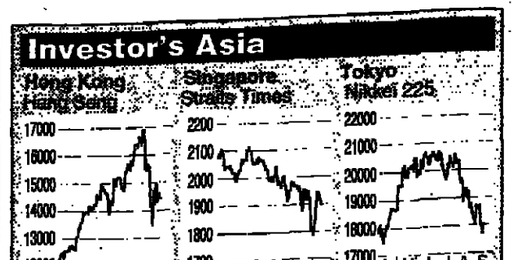
Meanwhile, in Hong Kong, finance ministers from the wealthy Group of Seven nations — the United States, Japan, Germany, France, Britain, Italy, and Canada — prepared to meet Saturday. The G-7 meeting is expected to discuss the recent financial turmoil in East Asia, ways of strengthening the financial resources of the IMF, exchange rates, Japan's soaring trade surplus, and Europe's single currency project.

The U.S. Treasury secretary, Robert Rubin, has said he will make use of a bilateral meeting with his Japanese counterpart — Hiroshi Mitsuzuka — to learn how Tokyo plans to honor its stated goal of preventing a significant further increase in its trade surplus.

■ Japanese Keep Faith

The majority of Japanese firms that have business ties with Thailand believe in the country's growth potential, Agence France-Presse reported Friday from Tokyo. Twenty-three of the 41 companies polled by the Japanese Federation of Economic Organizations said they thought Thailand's growth potential was "still high."

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	14,394.13	14,419.66	-0.24
Singapore	Straits Times	1,994.73	1,995.09	-0.07
Sydney	All Ordinaries	2,730.40	2,696.20	+1.26
Tokyo	Nikkei 225	18,065.20	17,930.09	+0.71
Kuala Lumpur	Composite	787.84	786.66	+0.15
Bangkok	SET	523.30	521.65	+0.32
Seoul	Composite Index	689.16	701.89	-1.74
Taipei	Stock Market Index	9,243.71	9,141.33	+1.12
Manila	PSE	2,078.57	2,009.65	+3.42
Jakarta	Composite Index	541.88	534.27	+1.30
Wellington	NZSE-40	2,568.60	2,553.75	+0.58
Bombay	Sensitive Index	3,826.12	3,884.77	-1.54

Source: Telekurs — International Herald Tribune

Very briefly:

• **Moody's Investors Service Inc.** said it may cut **Thailand's** short-term credit rating, a move that would make it still more expensive for the country's cash-strapped banks and companies to borrow.

• **Daewoo Corp.**, which signed an agreement to invest $1.28 billion in a joint venture with **Avtozaz**, a Ukrainian carmaker, saw the final hurdle to the deal cleared when the Ukraine Parliament passed a law aimed at stimulating car production through measures including tax breaks on profits, imported parts and land.

• **Honda Motor Co.** developed a hybrid system coupling a gasoline engine with an electric motor. The company said it had not decided when to start using the motor.

• **Swiss Bank Corp.** and **Long-Term Credit Bank of Japan Ltd.** signed an agreement to create a jointly owned investment bank in Japan. The bank, to be called **LTCB SBC Warburg Securities**, is to begin doing business next spring.

• **Singapore's** efforts to build a "world-class" transport network will cost 10 billion Singapore dollars ($6.6 billion) over the next five years, Communications Minister Mah Bow Tan said.

• **Suzuki Motor Corp.** asked the International Court of Arbitration in Paris to block the appointment of a new chief at **Maruti Udyog Ltd.**, its joint car venture with the Indian government.

• **Yaohan Japan Corp.** shares did not trade on the Tokyo Stock Exchange, because sell orders overwhelmed buying bids a day after the Japanese retailer filed for bankruptcy-court protection from creditors. *Reuters, Bloomberg*

Mitsubishi Electric Predicts First Full-Year Loss

Compiled by Our Staff From Dispatches

TOKYO — Mitsubishi Electric Corp. predicted Friday that it would post its first full-year net loss for the year that ends in March because of low semiconductor prices and sluggish domestic sales.

The electronics giant said the plunge in value of the Thai baht also would affect earnings. The company said it expected to post a full-year net loss of 10 billion yen ($82 million), compared with a May forecast of a net profit of 20 billion yen.

Pretax profit for the year will fall by 56 percent, it said, to 35 billion yen.

Mitsubishi Electric, the high-technology arm of the Mitsubishi group, also forecast a net loss of 25 billion yen for the six months ending this month.

"Earnings from air conditioners and home electronics were hit by the consumption-tax increase and cooler weather, while semiconductor prices didn't rise as anticipated," its managing director, Michiyasu Hirahara, said.

Japan increased its sales tax in April to 5 percent from 3 percent. It also phased out an income-tax break.

The company's pessimistic projection contrasts with optimistic expectations voiced in May by Mitsubishi Electric and other Japanese chipmakers for a recovery in domestic demand and worldwide prices for dynamic random access memory chips.

Mitsubishi Electric said it also had suffered from a drop in sales and profit in Thailand that was triggered by the plunge this summer in the value of the Thai baht against the yen and other currencies.

Shares in Mitsubishi Electric rose 5 yen to close at 511. The company announced the new forecasts after the close of trading.

(AFP, AFX, Bloomberg)

■ Sanyo Securities Sees Deficit

Sanyo Securities Co. said it would post a loss for the six months ending Sept. 30 and was seeking an extension on repayments of its subordinated loans from life insurers, news agencies reported.

The latest bad news among Japanese securities firms came as Nomura Securities Co. and Dai-Ichi Kangyo Bank Ltd. said they would clean up their business practices in a bid to restore confidence after a scandal over payoffs to a corporate racketeer.

Nomura's package of 23 measures includes tightening internal controls and hiring lawyers to be members of a new compliance committee. It stopped short of appointing outside directors, a step analysts say would help rebuild confidence.

Dai-Ichi Kangyo Bank said it would reinforce internal checks, but it provided few details. It also said it did not plan to name outside directors.

"Restoring confidence is a very important problem," Nomura's president, Junichi Ujiie, said.

In a move aimed at winning back individual investors, Nomura said it would stop evaluating sales staff on the basis of commissions and would focus instead on how much customers' assets grew.

Nomura's hard-sell approach to selling stocks has driven away the smaller clients that it needs as Japan moves to deregulate its markets.

"That's very important," said Robert Garone, a financial analyst at Dresdner Kleinwort Benson (Asia). "That's where the future of the company lies." *(Reuters, Bloomberg)*

Mazda Exports Soar in August

Bloomberg News

TOKYO — Mazda Motor Co., one of Japan's five largest automakers, said Friday its exports of passenger cars and trucks soared 63 percent in August from a year earlier.

Exports to North America, led by the company's midsized 626 and Millenia passenger sedans, more than doubled in the month, to 11,397 vehicles.

Exports to Europe, meanwhile, rose 77.5 percent, to 13,568 vehicles, while those to Central and South America rose 126 percent, to 4,448, the automaker said.

The company's production during the month rose 5.5 percent from August 1996, to 45,105 vehicles, while output of commercial vehicles fell 12.9 percent, to 11,005.

Exports of Japanese automobiles have risen sharply this year, leading to an increase in trade tensions with the United States.

Mazda also said sales in Japan rose 7.4 percent in August from a year earlier, to 19,947 cars and trucks.

Mazda's shares closed at 444 yen ($3.67), up 19.

Halt at Mine Hurts BHP Profit

Compiled by Our Staff From Dispatches

MELBOURNE — Broken Hill Proprietary Co.'s profit before special items fell in its first quarter, the mining company announced Friday, as production stopped at its Ok Tedi mine and costs stayed high.

BHP said its earnings before one-time items fell 1 percent, to 284 million Australian dollars ($203.1 million).

The result sent BHP shares plunging 38 Australian cents to close at 15.70 dollars as analysts began lowering their full-year earnings forecasts.

BHP has been struggling to contain costs in its coal, iron-ore, copper and steel units, and it was hit by unusually dry weather in Papua New Guinea, which forced the shutdown of its Ok Tedi copper and gold mine. *(Bloomberg, AFP)*

CHINA: *What Do Jiang's Pronouncements on Reform Add Up To?*

Continued from Page 13

bluffing in hope of getting managers to shape up. But there are reasons to believe Beijing no longer has the room to reverse course that it had in the 1980s.

Wing Thye Woo, an economist at the University of California at Davis, predicts that "asset-stripping by managers will accelerate" once they discover "this is their last chance to steal." Hence, a reversion to direct state control would mean a serious loss of face for the leadership — or, worse, charges of corruption. Equally important, Mr. Dernberger of the Center for Chinese Studies suggests, a subsidy-as-usual approach no longer represents a safe political alternative.

While it may be possible to sustain the iron rice bowl for urban industrial workers, half-measures will not narrow the growing disparity in living standards between the more socialist northern regions of China and the virtually capitalist south.

Besides, Mr. Sachs argues, the chance of unrest breaking out when state enterprises are left on their own has been exaggerated.

Mr. Sachs estimates that no more than 3 percent of the work force would lose jobs in a rapid restructuring — a modest number compared with unemployment in the transition economies in Russia and its former satellites.

Indeed, Mr. Broadman sees this as the opportunity for China's canny, survival-oriented leaders to seize the day.

"With the economy booming," he said, "they can afford the hard decisions."

FUND: *ASEAN Seeks Cooperation*

Continued from Page 13

Regional cooperation during the crisis essentially consisted of bilateral repurchase agreements between central banks and verbal attacks on currency speculators.

"Each country was preoccupied with what it faced within its own economy," Mr. Ocampo said.

"But the crisis was a timely reality check that gave us more impetus to work closer together."

The lack of unity was highlighted by Finance Minister Dominique Strauss-Kahn of France, who said Asia could benefit from the lessons of Europe's economic integration.

"In Europe," he said, "the finance ministers are used to working together collectively."

Mr. Anwar said he would call for International Monetary Fund regulations to rein in the power of currency speculators and to codify the liberalization of financial markets.

"If you have democracy," he said, "you have the rule of law. If you have a liberalization of the financial sector, you also need adequate rules."

Mr. Anwar said Asian delegates were more supportive than Europeans were of the proposal that he planned to table at the IMF-World Bank meeting.

The rules would be similar to guidelines regarding the supervision of banks and would "control the irrational behavior of fund managers who take excessive risks to the detriment of countries," Mr. Anwar said.

"Yes, the baht was weak," he said. "But does that provide a license to exploit the weakness of the situation? Should the whole population of Thailand be at the mercy of speculators?"

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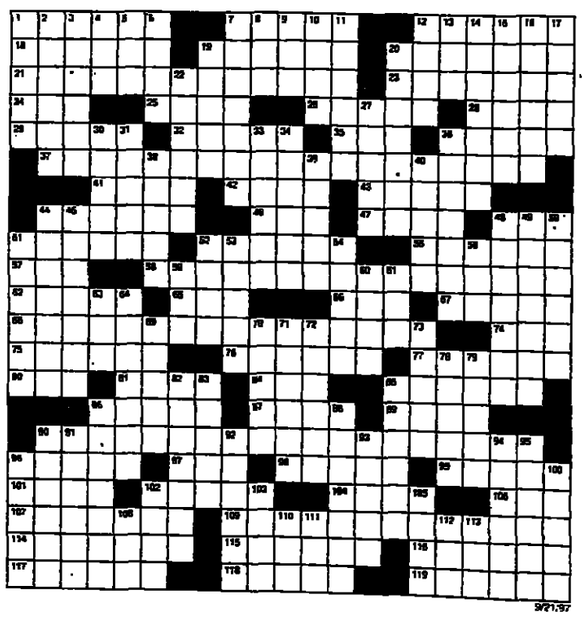
Herald Tribune

THE WORLD'S DAILY NEWSPAPER

ABRIDGED BOOKS By Mike Shenk



ACROSS
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20 Delta, for one
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68 Jane Austen book about Rosa Parks?
74 Moral misdeed
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76 Patch sort
77 Strasberg subject
80 Was a pioneer
81 Door feature
84 Horror director Craven
85 Kite-flying need
86 Be cyclical
87 Writer Tarbell and others
89 Superwide shoe specification
90 Thomas Hardy book about a taxpayer's deductions for groceries?
96 Prophets
97 City on Guanabara Bay
98 Pianist Peter and family
99 Doughy snack
101 Robust
102 Start of many Latin American place names
104 Dubai native
106 Filing asst.
107 It's not wall-to-wall
109 John Grisham book about fashion show critics?
114 Ordinary
115 Sheathe
116 Frosh topper
117 Sudden contractions
118 TV event of January 1977
119 Baseball card number

DOWN
1 Harts
2 Coin of Córdoba
3 Lacking in substance
4 Trophy
5 Pilot's projection: Abbr.
6 Blowgun ammo
7 Relieved
8 Service award
9 401(k)'s kin
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14 Campaign poster inscriptions
15 Gary of "Forrest Gump"
16 Guitarist Segovia
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20 1984 Steve Martin/Lily Tomlin film
22 Dido's love
27 Like appreciative fans
30 "Jefferson in Paris" star
31 Use a prie-dieu
33 1974 foreign-language hit
34 Knowledge, in France
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40 Alice's cat
44 Kind of shop or language
45 Prepared for transmission
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49 Vespers time
50 Ross's forte
51 Recon unit
52 Win
53 "Computers for people" company
54 Old five-centesimi coin
56 Heart ward, for short
58 Swindled
60 Smn ——
61 Behavioral quirk
63 Clear
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70 Field marshal Rommel
71 Actor Baker
72 Precarious
73 Corroded
78 Floorboard sound
79 Soundtrack album, e.g.
82 Scandal reaction
83 Bobby Orr, from 1966 to 1976
85 It has its ups and downs
86 Enjoys a favorite book
88 "Die Fledermaus" composer
90 Shred
91 "All's Well That Ends Well" heroine
92 Cad
93 "'Deed I Do" singer
94 Andean beast
95 Morale
96 Pillow covers
100 He introduced the Easter egg roll on the White House lawn
102 Stars
103 Cry of despair
105 Rum cake
109 Fishes-Bull go-between
110 "The Island of the Day Before" author
111 Snitch
112 In addition
113 Quick punch

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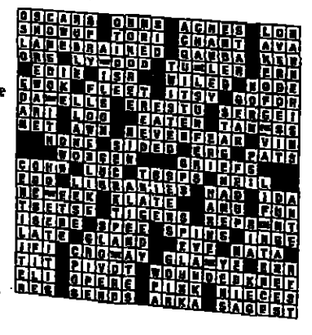
Solution to Puzzle of Sept. 13-14



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NASDAQ

Friday's 4 P.M.
The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

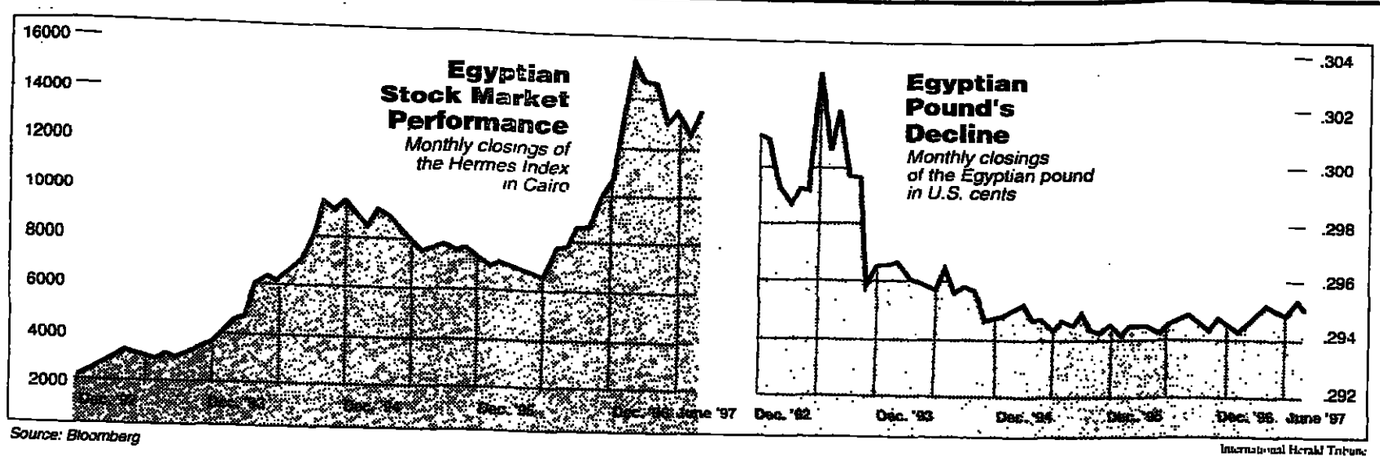
Friday's 4 P.M. Close
(Continued)

Herald Tribune INTERNATIONAL

THE MONEY REPORT

MONDAY: SPORTS

SATURDAY-SUNDAY, SEPTEMBER 20-21, 1997 PAGE 19



Egypt: Middle East's Emerging Safe Haven

By Digby Larner

INVESTORS WHO bought Egyptian stocks about a year ago had a lot to celebrate by the time 1997 was underway. Cairo turned out to be the world's top-performing stock market in 1996, adding more than 40 percent by mid-February this year.

But from there on, prices foundered, due to a mix of shaky private investor sentiment and fears among institutions that shares were becoming overvalued.

Mohammed Abdel-Hadi, an analyst with Robert Fleming Securities Ltd. in London, said that although a correction was expected, shares had been driven down too far by inexperienced local investors who panicked. After that, the market looked cheap, but investors failed to pick up on Egyptian stocks again until less than a month ago, he said.

Suddenly analysts are bullish once more on Egypt and there is more to their renewed enthusiasm than cheap valuations. The growing number of buy recommendations reflects solid fundamentals that some expect will push the Egyptian market beyond its 1997 peak.

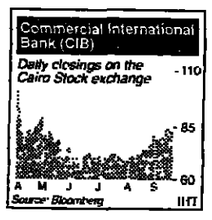
Most important is the country's solid economic backdrop, Mr. Abdel-Hadi said. With gross domestic product shaping up to about 5 percent this year and industrial earnings averaging 22 percent, Egypt seems to be in better shape than many emerging-market rivals.

The currency turmoil hitting Southeast Asia, for example, has caused investors to downgrade their expectations there. As its economic and political ramifications spread, foreign capital is looking for safer emerging-market plays.

A number of factors make Egypt a top candidate to receive these displaced funds, Mr. Abdel-Hadi said. He said the International Monetary Fund "has been acting like a guardian for Egypt in the last five years, monitoring its privatization program, its economic performance and its reserve efficiency."

"As a result, the government has introduced some good reforms aimed at stimulating the economy," he added.

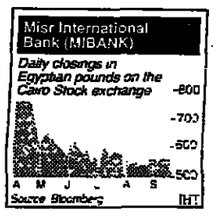
Stock prices may also benefit from the International Finance Corp.'s decision to include Egypt in its emerging-markets index beginning in November. The index will take a 6 percent weighting in the market and many emerging-market funds are likely to follow its lead, Mr. Abdel-Hadi said.



Egypt's economic potential was the subject of a recent investment conference in Cairo, sponsored by Euromoney Publications. Entitled "The Tiger on the Nile," the conference promoted Egypt as heir to the emerging-market honors enjoyed for the last 10 years by Malaysia, South Korea and Taiwan.

Radhika Ajmera, an emerging-markets analyst with Aberdeen Asset Management Ltd. in Britain, said that foreign investors had good reason to have confidence in Egypt.

"The macro picture is looking very good," she said. "We expect GDP to reach 5.5 percent next year and inflation is under control at 5 percent. On top of that there have been a lot of structural reforms. Over 70 companies have already been privatized and another 30 are expected to hit the market by December."



Despite the pace and continuity of the government's reform program, Ms. Ajmera warned that liquidity problems and poor export growth should make foreign investors wary.

While the exchange-rate stability of the Egyptian pound has benefited the economy generally, it means that Egypt loses out competitively abroad, she said. As a result, exports are not expected to grow more than 3.5 percent this year.

On the stock market, well-intentioned reforms have yet to make a significant impact on settlement problems. Of 650 or so stocks traded on the Cairo exchange, only about 50 are serious options for foreign investors, Ms. Adjmera said. The creation of a central depository eight months ago improved matters by introducing electronic trading, but poor liquidity continues to be an investment risk in the short term.

When it came to picking sectors and stocks, Ms. Ajmera recommended banking. Aberdeen has been invested in Egypt for over a year and opted for Commercial International Bank, listed as CIB, and Misr International Bank. Both are available to international investors as global depositary receipts.

Commercial International Bank, which earlier this month reported half-yearly earnings growth of 9.3 percent after tax and provisions, is currently trading at about 83 Egyptian pounds ($24), but remains below its peak of 103 pounds in March.

Misr Bank fell from a high of 770 pounds in April to 535 pounds at the end of July. While its decline may be linked to the broader misfortunes of the Cairo market, it has so far failed to take part in this month's rally. It stands currently at about 570 pounds.

"It's a fairly typical emerging-market scenario," Ms. Ajmera said. "You have a combination of falling inflation, strong GDP growth and a growing level of investment from the private sector, all of which will be of benefit to banks."

Mr. Abdel-Hadi said he preferred industrial stocks. He said these showed strong earnings growth even when investors deserted them.

He also said he believed that a repeated stock-selling panic was less likely than before, with private investors now preferring to invest in Egypt's burgeoning mutual fund industry rather than risk going directly into the stock market.

"There are a lot more institutions such as the Kuwait investment authority and the Hermes American Express Fund coming into the market," he said. "That alone helps reduce the possibility of future panic selling."

For foreign investors, there are several ways to buy Egyptian stocks. Although there are no regulatory restrictions on foreign investment, many investors prefer not to buy directly.

For mutual-fund investors, there are a variety of sectors that include varying degrees of Egyptian exposure. These include emerging markets, Middle Eastern funds and African funds. Additionally, there are several dedicated Egyptian funds, including the Egypt Trust, Egypt Investment Co., Egypt Growth Investment Fund and the Egypt-based Nile Growth Fund.

A GDR market exists but currently comprises only four companies. Apart from the two banks, Suez Cement Co. and Al Ahram Beverages Co. are available.

For further information, call:

EGYPT FUNDS:
- EGYPT INVESTMENT CO. (Fund) and EGYPT GROWTH INVESTMENT FUND: Concord International, 1 212 759 1314.
- NILE GROWTH FUND: Alliance Capital Management/CHC, 02 335 8021.
- EGYPT TRUST: Lazard Freres & Co., 1 212 632 6000.

FUNDS WITH EGYPTIAN HOLDINGS:
- FOREIGN & COLONIAL EMERGING MIDDLE EAST FUND, 44 171 628 1234.
- BARING ASSET MANAGEMENT SIMBA FUND., 44 171 626 6000.
- FRAMLINGTON EMERGING MARKET FUND, 44 171 374 4100.

BROKERS IN EGYPT:
- DELTA EAB BROKERAGE, 20 2 360 6482.
- EFG-HERMES 20 2 571 7847.
- EL-RASHAD BROKERAGE 20 2 393 7580.
- INTERCAPITAL SECURITIES, 20 2 340 2483.
- PRIME SECURITIES 20 2 360 7512.
- STRATEGIC SECURITIES, 20 2 305 3890.

Amid Israel's Turmoil, New Economic Calm

Politics Aside, Stock Market Recovers

By Conrad de Aenlle

POLITICAL turbulence in Israel belies a new economic calm in the country. Slow, stable growth and declines in inflation and interest rates have propelled the stock market to a 38 percent gain this year, 25 percent when expressed in dollars. That is the best performance in four years, and it follows a protracted bear market that cut share prices in half.

By the standards of developed countries, Israel's 9 percent-plus inflation and government lending rates above 13 percent do not impress, but the norm of the last several years has been consumer-price increases in double digits and interest rates two to four points higher than current levels.

Israel lives with ever-simmering inflation because of its heavy military expenditure and provisions in many employment contracts linking wages to movements in retail prices. That keeps investors sensitive to swings in prices and lending rates.

"Every time interest rates in Israel fall below 14 percent, the market rallies," said Victor Halpert, who follows Israeli shares for Salomon Brothers Inc. "That's low enough for local funds to switch from short-term investments into the market."

Unfortunately, the sensitivity to rates also works in reverse. A slight increase in recent weeks was enough to brake the rally and send stocks tumbling 10 percent.

Analysts attribute much of the credit for the country's currently pleasant economic circumstances to an assertive central bank and a prudent government, which has cut its deficit to 3.4 percent this year from 4.7 percent in 1996. They also cite a fall in immigration to about 55,000 arrivals per year from 90,000 in the early 1990s.

Debbie Bennellick, an emerging-markets economist at UBS Securities, said that the decline in immigration had weakened consumer demand, which in turn has driven down prices and economic growth. One result has been a rise in unemployment to more than 7 percent from 5 percent in early 1996. She expects it to reach 8 percent in the coming months.

That, plus continued paring of the fiscal deficit, should push inflation down toward 8 percent and interest rates toward 11 percent, which should be good for stocks. Better still, Ms. Bennellick said, gross domestic product growth should pick up because of strength in the key export sector.

"Exporters have performed strongly since late 1996," she said, noting that trade accounted for 80 percent of national income. "That will continue to drive the economy forward. It depends on the United States and European Union, Israel's two main markets, but we're looking for an export-led recovery."

The present low-inflation, low-interest-rate environment aids Israel's large exporters three ways: by keeping wages relatively stable, by reducing borrowing costs and by depressing the value of the currency so that their goods may be attractively priced in foreign markets. The shekel has fallen by 12 percent in the last year against the dollar, to about 30 cents.

EXPORTERS will surely benefit if rates continue to fall, but Mr. Halpert remained skeptical.

"Lower rates, that's hard to say," he said. "Despite all efforts, inflation usually bottoms between 8 and 10 percent. At least a few years ago, the government announced that the goal was to get inflation down to 6 percent. The next year it was 7 to 9 percent. They have not really had much success reducing inflation."

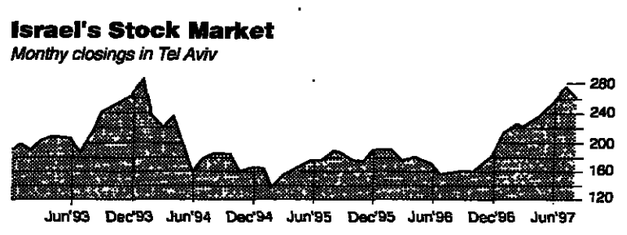
Harlan Zimmerman, a Mideast specialist at Foreign & Colonial Emerging Markets, a London fund-management company, also is cautious.

"We need to wait and see what happens with the proposed budget for 1998," he said. "It would be positive if it went through and would have a good impact on interest rates early next year."

Prime Minister Benjamin Netanyahu's budget calls for Israel's fiscal deficit to fall to 2.4 percent, Mr. Zimmerman said, but "it will be difficult for Netanyahu to get it through because it entails some quite significant social cuts, which are highly unpopular with his coalition partners."

Foreign & Colonial recently cut its exposure to Israeli stocks, but he said "there's a lot of money waiting in bank accounts, looking for good news

Continued on Page 21



Not for Muslims Only: Islamic Finance on the Rise

By Thomas Fuller

NOR MOHAMED Yakcop jumps up from his oversized, pastel-colored couch and crosses his office to the wall behind his desk. There, he points to a plaque from the County of Los Angeles that recognizes him for an "outstanding contribution to Islamic banking."

"The reason I showed you this," Mr. Nor says, "is that our approach has always been that Islamic banking is not for the Muslims alone. It is for everyone. A lot of non-Muslims use Islamic banking to raise funds. It's an open system."

Dressed for Wall Street but based in Kuala Lumpur, Mr. Nor is the architect of Malaysia's Islamic financial system, a project he undertook while working for the country's central bank in 1980.

Today, Kuala Lumpur is the Wall Street of Islamic finance in Asia, and Mr. Nor's assessment of Islamic banking — that it transcends the Muslim community — is shared by bankers and fund managers throughout the industry.

Islamic financial instruments are spreading from their traditional base in the Gulf. In Malaysia, for example, there are 10 Islamic mutual funds and more than 20 approved Islamic financial instruments. Worldwide, the Islamic financial system is estimated to be growing at 15 percent a year, with assets now valued at $160 billion.

A central tenet of Islamic banking is that financial transactions be free from interest. Another is *gharar*, which roughly translates as uncertainty or deception; it means that financial transactions must be clearly defined, with each party knowing what the other is offering. Gharar limits futures and options trading.

"The whole idea is a fundamental approach to money," said Mushtak Parker, editor of Islamic Banker, a monthly magazine that covers the industry. "Money cannot make more money. Money must be used productively. And risk has to be shared."

Islamic bankers and fund managers express frustration with the limited public perception of the industry as linked to dietary laws, such as a ban on investing in projects that involve alcohol or pork. "Very often people tend to forget that Islamic banking is really part of the global ethical investment movement," Mr. Parker said. "People tend to see the word Islamic and they dismiss it as fundamentalist or terrorism — or whatever."

There are varying interpretations of what constitutes an acceptable, or *halal*, financial instrument. Asian Islamic finance officials tend to have more liberal interpretations than those in the Gulf.

In any country, Islamic financial instruments must be approved by religious committees, which use *Sharia*, or Islamic law, as their guide to determine whether the activity is halal, or acceptable.

In Europe, while the presence of Islamic financial instruments is not new, a push into the lower end of the market is. A new British fund, Halal Mutual Investment Co., is the first major Islamic fund in Europe aimed at the retail market, requiring a minimum investment of just $400.

The fund is structured around trade transactions. Shareholders effectively finance the purchase of goods made by a trading company linked to the fund, Al Tadamon Co. Once those goods are resold, the fund receives the proceeds, which are then passed on to shareholders in the form of half-yearly dividends.

TO LIMIT risk, all bills of exchange acquired by the fund as a result of these trades must be accepted by a bank rated A1 or better by Standard & Poor's or at least P1 by Moody's Investor Service. Shares do not appreciate, as all profits are channeled into the dividends.

"The emphasis is on capital preservation," said Glenn Stewart, chairman and architect of the fund. "Unlike equities, you don't have a chance of losing money. You'd actually have to have the bank which is accepting these bills defaulting."

The fund, designed to serve as an alternative to conventional bank deposits, offers annual yields of about 5.75 percent for an account denominated in pounds or 5.5 percent for a dollar account. "It's halal because the increase in amounts of money held by the fund derive from the exchange of underlying goods under an Islamically permissible contract," said Mr. Stewart, who is based in Bahrain.

By contrast, funds in Malaysia closely resemble classic equity mutual funds. One of the country's largest funds, the Abrar Investment Fund, manages a portfolio consisting of, among other investments, "approved" stocks listed on the Kuala Lumpur exchange.

Malaysia's Securities Commission maintains a list of Islamically acceptable stocks. Companies absent from the list include conventional banks and insurance houses or any firm engaged in gambling or the production of non-halal food products.

Abrar picks its stocks from the list of approved companies and balances that with other investments approved by the Securities Commission and the fund's Sharia advisory panel. The fund is denominated in ringgit and the minimum investment is 500 ringgit ($165). It was established in April 1996, when units were offered for 1 ringgit. They now are being offered for 70 sen and last year the fund paid a dividend of 6 sen on each unit.

For further information:
- ABRAR INVESTMENT FUND. Contact the fund's chief executive officer, Khairuddin Jaffus, at 603 466 5067. Fax: 603 466 0200. E-mail: khan@abrar.com.my
- HALAL MUTUAL INVESTMENT CO. The company plans to expand into continental Europe, but for now it is basing its efforts in Britain. Irish nationals are not eligible and U.S. citizens will be eligible when the fund is registered with the U.S. Securities & Exchange Commission, which the company hopes will be soon. Telephone: 44 1706 35 1111. Fax: 44 1706 35 0111.
- ISLAMIC BANKER magazine. A subscription costs $290 a year. Telephone: 44 171 255 1040. Fax: 44 171 580 7623.
- MALAYSIA SECURITIES COMMISSION. To obtain a list of approved Islamic equities in Malaysia, contact the commission at 603 250 7550. Fax: 603 253 6184. Or visit the Web site: www.al-asia.com/sc/. When you reach the home page, look under press releases and scroll through for the latest list of approved equities.

In Islamic Hedge Fund, A Touch of Old and New

BARR ROSENBERG EUROPEAN Management Ltd. is combining new technology with old religious and social customs to create a market-neutral stock fund — what hedge funds were originally intended to be — that uses American shares and conforms with Islamic Sharia law.

The first step in creating the portfolio for the Alkhawarizmi Fund, which is named after a 9th-century Arab mathematician, is to eliminate from Barr Rosenberg's universe of 5,000 U.S. companies those that do not conform with Sharia. That could be quite a few, as Sharia bans Muslims from paying or receiving interest or investing in businesses, such as banks or insurers, that engage to a great extent in lending. Neither does it permit investment in purveyors of socially unacceptable activities, such as gambling, alcohol, tobacco or arms manufacture. And financial transactions must be clearly defined, with each party aware of what is being offered. This discourages futures and options trading.

The investment prospects of the companies that are left are then assessed using computer-modeling techniques. The fund buys stocks deemed to be undervalued and sells short those that are judged to be extravagantly priced. Short-selling involves borrowing shares and selling them in the hope that they can be bought back cheaper and returned to the owner.

Barr Rosenberg's black-box stock-picking method aims for balanced weightings of long and short positions within industry sectors, market capitalizations and other risk factors. If the right buttons are pushed, the only difference between the two groups is that the longs are bought low and the shorts are sold high.

Jennie Paterson, Barr Rosenberg's managing director, said the fact that the selection process was automated convinced the fund's distributor, The International Investor K.S.C., a Kuwaiti Islamic investment bank, that the London portfolio manager would be able to stick to the rules of Sharia when making future investments.

— CONRAD DE AENLLE

THE ALKHAWARIZMI FUND is registered in the Cayman Islands and listed on the Irish Stock Exchange. It is intended for wealthy private investors, as reflected in the $100,000 minimum. For more information contact the distributor in London at 44 171 495 4707.

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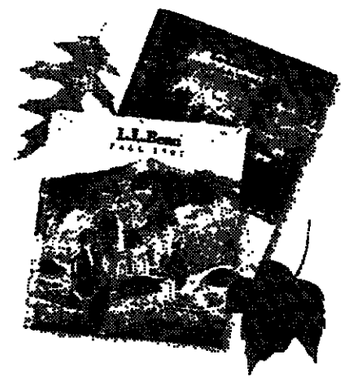

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THE MONEY REPORT

Cashing Out a Winner? Some Strategies for Reinvesting Those Profits

JAMES GLASSMAN ON INVESTING

CALL HIM ISHMAEL. He phoned me the other day to exult over his good fortune. He had bought 100 shares of Coca-Cola Co. in 1990 at $40. Last week, after splits, he owned 400 shares at $60. His $4,000 investment had become $24,000, and he decided not to be greedy, especially in light of the new, lower U.S. capital-gains rates. He cashed in his chips. After patting himself on the back, Ishmael asked: "What should I do with the money I made?"

A good rule is not to sell something unless you know what you are going to do next. But there was no sense admonishing Ishmael. Anyway, he had asked a useful question.

The answer depends on your current holdings, your tolerance for risk, your age, your financial goals. But, to simplify matters, I will list suggestions by broad categories.

• For risk-takers, who consider their profits found money and would not be devastated by losses, a good strategy is to invest in so-called fallen angels. Not every stock has gone through the roof over the past year. There are dozens of good ones that have been pummeled but seem to have the potential to bounce back.

Consider Champion Enterprises Inc., which builds manufactured housing — a business that should do well as baby boomers retire and start following the sun. When earnings dropped a bit, the stock was beaten down from $25 in mid-1996 to $15 after the first half of this year.

Mister Market may have been overreacting. David Fried, editor of the Buyback Strategy newsletter in Phoenix, Arizona, notes that the company is purchasing 2.5 million of its own shares (a sign of confidence from those in the know), that sales are holding up well and that earnings could rise next year. The stock has bounced back lately, but it is still trading at a price-to-earnings ratio of 13 — and less than 10 based on Mr. Fried's per-share earnings estimate of $1.98 for 1998.

• For nervous investors who are not looking for a big score, but want nice, guaranteed returns, there are U.S. government bonds.

With not a whiff of inflation in the air — and at least a scent of its opposite, deflation, wafting in the breeze — bonds remain tempting. Unfortunately, rates fell sharply last week, down to just 6.39 percent late Friday for 30-year Treasury bonds. Next to them, the five-year T-notes, at 6.01 percent, seem reasonable.

• For apocalypse-now types who fear a big shock is coming, there are oil reserves.

It is not hard to imagine the next economic disaster coming from a cutoff of Mideast oil. The publication Dow Theory Forecasts recently alerted readers to three large oil companies that have been adding to their reserves in other regions at a time when others have been less aggressive.

The newsletter's top recommendation is Amoco Corp., which is focusing on Trinidad, Venezuela, the Caspian Sea, Alberta and the Gulf of Mexico. Dow Theory also likes Exxon Corp. and Atlantic Richfield Co.

• For investors afraid of blowing newly won profits but wanting a chance to score big, there are market-index target-term securities. These are issued by Merrill Lynch & Co. (and other firms under different names) and trade on the American and New York exchanges as though they were stocks.

Yet you can think of these MITTS as bonds. They are issued at $10 each and Merrill promises to pay $10 on maturity (usually five years). So, unless that venerable brokerage firm defaults, you will get your investment back. The equivalent of interest is paid in a lump sum at maturity and is determined by the performance of a specific market index.

For instance, the first series of MITTS paid investors that original $10, plus $10 times 115 percent of the increase in the Standard & Poor's 500-stock index over the five years. Other MITTS use European, small-cap or Japanese indexes are their base.

• For investors who hate this market and prefer to wait for it to return to earth: cash.

Treasury bills, money-market funds and bank certificates of deposit all fit under this financial rubric. With cash, Ishmael might be able to buy back his 400 shares of Coke next year at, say, $30 a share-if its P/E ratio descends to a more reasonable figure of 18. Of course, Coke may never fall from the ionosphere, but, in the meantime, Ishmael will be paid nicely while he waits.

Fidelity Cash Reserves, for example, is yielding 5.28 percent, typical for a taxable U.S. money-market fund.

• If you want to stay in the market but are looking for long-term diversification: pick one really good mutual fund.

Sheldon Jacobs, editor of the respected No-Load Fund Investor in Irvington-on-Hudson, N.Y., recommends Neuberger & Berman Partners , which has returned an average of 17.6 percent annually over the past 20 years-three points ahead of the S&P 500.

A more intriguing and aggressive choice is Templeton Growth Fund , managed for the past 10 years by Mark Holowesko. Lately, according to the Canadian Mutual Fund Advisor (which recommends the fund), he has been shedding U.S. stocks, "finding greater opportunities in Asia's downtrodden markets," buying undervalued European stocks and building up cash.

Washington Post Service

• *For further information, call:*

• NEUBERGER & BERMAN PARTNERS FUND, 1 212 476 8800, or, toll-free in the United States, 1 800 877 9700.

• TEMPLETON GROWTH FUND, 1 415 312 4701, or, toll-free in the United States, 1 800 292 9293.

The Allure of Arab Bonds On the Investing Frontier

Middle Eastern Countries Offer a Change From Latin America and Eastern Europe

By Barbara Wall

IN THEIR QUEST for alternative markets, pioneering bond investors may have been persuaded in recent months to shift the focus of their attention from Latin America and Eastern Europe to the Middle East. Arab international bond issues have been more frequent over the past three years and yields are beginning to look interesting.

Israel, Turkey and Jordan are considered the most developed and accessible bond markets in the region, but other countries are catching up. Recent international sovereign bond issues have come from Lebanon, Oman and Tunisia. Egypt and Morocco are said to be next.

"Egypt is interesting in that it is rich enough not to need to raise cash through an international bond issue," said Hammo Sontag, a spokesman for Deutsche Morgan Grenfell in Frankfurt. "It is likely the forthcoming issue is being used to announce Egypt's presence and to provide a benchmark for future commercial debt issues."

In most Middle East markets, investors can buy sovereign debt denominated in at least two currencies — typically the country's currency and dollars. Funds also are now being raised in yen, such as Tunisia's 5 billion yen ($41.3 million), 15-year issue offered this month.

The yields will differ, sometimes markedly, according to the currency. The long-term rate for Turkish-lira bonds is roughly 115 percent, for example, whereas the rate for Turkish dollar bonds is 10 percent. High inflation in Turkey is the primary reason for this anomaly.

"Inflation in Turkey is running at around 80 percent, but it could climb to 120 percent," a global bond analyst said. "If this was to happen, lira bond holders would lose on their investment. Because of the inflationary risk, many local investors prefer to hold Turkish U.S. dollar bonds."

The difference is not as pronounced in other Arab markets. Lebanese domestic sovereign bonds yield about 14 percent, while the rate on long-term Lebanese bonds denominated in dollars is about 9.25 percent.

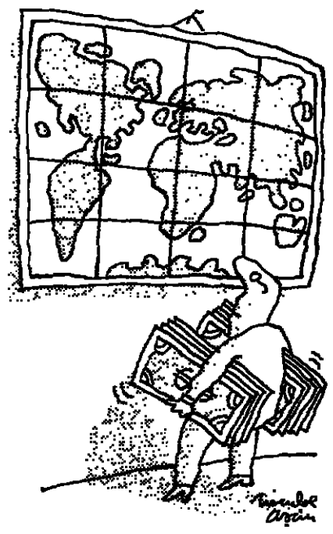
"The pickup in yields throughout the Middle East region has not been as good as one could have hoped for, but they are still attractive enough to encourage interest from foreign investors, especially expatriate investors," Mr. Sontag said. Although the Middle East is opening up to foreign investment, it is still relatively difficult for non-Arab investors to access the markets. For those who buy local-currency bonds, there is an exchange-rate risk to consider and possible settlement difficulties. Often, investors must be registered as a company in each local market so they can open accounts to trade the investments.

"It is generally easier to buy dollar issues, but foreign-currency bonds tend to trade in a much larger size than their domestic equivalents," said Philip Pool, head of research at ING Barings in London. "As a result, retail investors are largely precluded from investing in this paper."

One solution would be to opt for a fixed-income fund that invests in the region. There do not appear to be international funds that invest solely in Middle East debt instruments, although Alliance Capital Management, which is based in New York, has recently started a fund in partnership with the Housing Bank of Jordan that invests in Jordanian equities and bonds. Called the Housing Bank of Jordan fund, it is to be a closed-end fund for the first three years. The final date for subscriptions is Oct. 16.

"Although the frequency of Middle Eastern bond issuances is increasing, there is still not enough volume and liquidity in these markets to attract fund-management groups," said Vicki Fuller of Alliance.

An alternative investment solution would be to invest in an emerging-market debt fund. These hedge funds generally invest in the defaulted debt of emerging economies. There is no yield from the investment; the aim of the fund managers is to achieve high capital appreciation by purchasing debt at a fraction of its redemption value. The downside is that the value of the paper may decrease, not rise.



Events in Iraq during the past 15 years illustrate how volatile zero-coupon sovereign bonds can be.

"Before the war, Iraqi debt paper was being traded at 65 percent of its full value," said Jean-Jaques Favre, a spokesman for the Jersey-listed Magellan Global Emerging Markets Debt fund. "During the war, the government could not sell oil to the West because of embargo restrictions, and the value of the debt paper plummeted to 15 percent. Since the restrictions have been lifted, the debt paper has recovered to 30 percent of its face value."

The Magellan Emerging Markets Debt fund has invested in the debt of several Arab countries, including Iraq and Sudan. Sudan owes just under $2 billion to a syndicate of 20 foreign banks. In order to cover the loan, the syndicate trades the debt in various hard currencies. The fund bought the debt paper when it was being traded at 2 percent of face value, but in just a few years the value has risen to 10 percent.

"The value of Sudanese debt paper is likely to rise further in the next few years, perhaps to 50 percent of its full value," Mr. Favre said. "To get on, both the Sudanese and Iraqi governments recognize that they will have to clear their old debts."

For further information, call:

• ALLIANCE CAPITAL MANAGEMENT, 1 212 969 1000.

• MAGELLAN TRIGONE, 41 22 738 0020.

Deals in Less-Traveled Mideast Markets

By Judith Rehak

EMERGING-markets investors are endlessly prowling for new opportunities, and one of the most promising regions these days is the Middle East. While Egypt, the current darling, and Israel, the most sophisticated market, usually occupy the largest chunks of a diversified portfolio, many fund managers are now moving into less-traveled stock exchanges, as barriers to outsiders fall and once-struggling economies modernize and pick up steam.

Coming on strong is Morocco, with a stock market that has surged roughly 35 percent in dollar terms this year. The sharp rise has been fueled partly by the introduction of domestic mutual funds, but Morocco has much more in its favor, said Dominic Baker, co-manager of the $47 million Framlington Maghreb Fund, which invests only in Morocco and Tunisia.

"The good companies are restructuring and consolidating, and that's leading to a 15-20 percent annual earnings growth," he said.

Like many investors in Morocco, Mr. Baker has profited from his holding in Banque Marocaine du Commerce Exterieur, a major bank that has issued one of the few global depositary receipts in the region. But with prices this high, he is in more of a stock-picking mode, choosing companies like Cimenterie de l'Oriental, a cement producer known as Cior that is growing at more than 25 percent a year as a beneficiary of government spending on bridges and dams, and Centrale Laitiere, a dairy-products company.

Both reflect an important regional trend: Each has a direct foreign investor boosting efficiency and productivity. Holderbank, the Swiss cement maker, owns part of Cior, and Danone, the French food conglomerate, has a stake in Central Laitiere.

But many determined bargain hunters find the pickings better in Jordan. "What attracted us was that it has been a notable underperformer since 1993, and we now see value re-emerging," said Chris Butler, co-manager of the $35 million Near East Opportunities fund, run by Martin Currie Investment Management of Edinburgh. He cited Jordan's improving macro-economic picture, the result of a tight money policy to protect its currency, the rebuilding of foreign-exchange reserves, and a lowering of interest rates to 8 percent from 9.5 percent in the past three months.

The big news from Jordan, however, is that a limit of foreign ownership to 49 percent in a company was recently abolished, although not for the important mining and cement industries. Even so, it was a major step for a government that has sought foreign investors but then imposed restrictions that kept many away. "There's a sincere recognition among authorities that they must change," said Omar Masri, managing director of the Atlas Investment Group in Amman.

In another sign of the times, there will soon be a "pure" Jordan fund for domestic and foreign investors, sponsored by the country's Housing Bank and managed by Alliance Capital Management.

Among the bargains tempting Jordan investors is Jordan Phosphate Mines, which sells its fertilizer product mainly to the Far East, and is the largest Jordanian holding of the Near East Opportunities fund.

Another favorite is Arab International Hotels, which owns the Marriott Hotel in Amman, and is developing luxury hotel and tourism attractions in the Dead Sea and Aquaba vacation areas.

Another country recently favored by investors is Tunisia. Largely avoided until now because its market was considered artificially overpriced, its share prices have been falling since electronic trading was introduced last year.

Mr. Butler said his group was just beginning to look seriously at Tunisia, while the Maghreb Fund has boosted its Tunisian holdings to 6.5 percent from 3 percent, concentrating on nonfinancial companies like Industries Chemiques du Fluor, which makes and exports flourine, a chemical used in the metals industry, and Palm Beach Hotels, which is upgrading its holdings and benefiting from European tourism.

David Edgerly, who runs Alliance Capital Management's Middle East Opportunities Fund, favors Lebanon over Tunisia.

The Beirut Stock Exchange, which reopened in January 1996, has not attracted a wide range of listings so far, but he said he expected more to come over the next 12 months. He likes Solidere, the company that is rebuilding Beirut's center, and has global depositary receipts that trade in London. Lebanese banks delivered a windfall of profits for investors who bought them last year.

How can there be optimism, and stable markets, in the face of the faltering Mideast peace talks, and recent terrorist bombings? Mr. Edgerly pointed out that increasingly, these markets are driven by economics, not the political situation.

"People don't like it, but they're not letting it dictate economic choices," he said.

For further information, call:

• ALLIANCE MIDDLE EAST OPPORTUNITIES FUND, 352 227 702.

• FRAMLINGTON MAGHREB FUND, 44 171 330 6590.

• NEAR EAST OPPORTUNITIES FUND, 44 131 229 5252, or, toll-free in Britain, 0800 838 766.

Amid Political Turmoil, a Recovery in Israel

Continued from Page 19

and a reason to get back in the market."

Judith Kleinman, who covers Israeli stocks at UBS, has one: strong corporate profit growth. Earnings per share at Israeli companies grew by 10.9 percent last year, she noted, and this year they are shaping up to come in at 18.3 percent, "a really good number." Next year, even with the full drag of the consumer slowdown, she projects earnings to rise by 17 percent.

"We would expect the market to keep outperforming relative to others in the emerging-market universe," she said. "We expect interest rates to come down, and we expect improvements in productivity that will show in corporate earnings."

Because of the weak domestic economy, she advised sticking with companies with an international focus.

She said exporters were the favorites, especially industries such as telecommunications equipment, software services and chemicals. Specifically, she likes Israel Chemicals Ltd. and its subsidiaries, Dead Sea Works Ltd. and Dead Sea Bromine Co., as well as Crystal Systems Solutions Ltd., a software-services firm partially owned by Formula Systems Ltd., whose shares will soon be listed in the United States, where more than two dozen Israeli stocks trade.

Mr. Halpert also recommended Israel Chemicals, and Elise Horowitz, an analyst at Lehman Brothers, last week raised her rating on it, citing a weak share price despite strong first-half results that she thinks will carry over into the second half.

Another of Ms. Horowitz's favorites among chemical companies is Makhteshim Chemical Works Ltd. She has a lower but still positive rating on Koor Industries Ltd., a giant holding company that seems to own a stake in every significant Israeli company.

Ms. Kleinman is also fond of the big food retailers, Blue Square Chain Investments & Properties Ltd. and Supersol Ltd. Only 36 percent of Israeli food shopping is done at supermarkets, compared with 60 to 80 percent in Europe and the United States. That means there is plenty of room to grow.

She and Mr. Halpert like prospects for the banking sector, including the two big ones, Bank Leumi Le-Israel Ltd. and Bank Hapoalim Ltd., which they say are benefiting from efficiencies introduced after privatization. They also like Teva Pharmaceuticals Industries Ltd., a pharmaceutical company traded on the New York Stock Exchange, which is branching out from generics into brand-name products with a multiple sclerosis drug.

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WORLD ROUNDUP

Russell Grabs Lead In British Masters

GOLF Raymond Russell of Scotland completed a fog-delayed opening round with an 8-under-par 64 on Friday to take the lead in the British Masters on a rainy day in Coventry, England.

Russell, who had eight straight birdies Thursday, had three more Friday morning to finish the round and take a one-shot lead over Mark Roe of England.

Russell's 64 was one stroke off the course record. He also came within one birdie of becoming the fifth player in European Tour history to record 12 birdies in a round.

The opening day fog had allowed only half the 156-man field to complete their rounds Thursday, and there was little chance of the second round being completed Friday.

The field includes eight members of the European Ryder Cup team that will face the United States at Valderamma, Spain, next week.

Thomas Bjorn of Denmark, a Ryder Cup rookie, shot a 3-under 69. Colin Montgomerie completed a round of 72. But Lee Westwood (79), Costantino Rocca (75) and Ignacio Garrido (76) were all in danger of missing the cut. *(AP)*

Ireland Gets 2005 Cup

GOLF The Ryder Cup will be staged in Ireland for the first time ever in 2005, the country's sports minister, Jim McDaid, said Friday. It would be only the second time the United States-vs.-Europe competition has been held in a country other than Britain or the United States.

McDaid said he had secured agreement for the Ryder Cup to be held in Ireland after negotiations with PGA European Tour officials. The 1999 Ryder Cup will be held at the Country Club in Brookline, Massachusetts, while the 2001 edition will be staged at the Belfry in England. The competition will be back in the United States in 2003 at a site that has yet to be determined. *(AP)*

Dutch Try New Tack To Fight Hooliganism

SOCCER Dutch soccer's arch rivals, Ajax Amsterdam and Feyenoord Rotterdam, are banning each other's fans from their stadiums to prevent riots, the clubs announced Friday.

Matches between the two teams are the highlight of the Dutch soccer season's calendar and are always sold out months in advance. But in the aftermath of a brutal battle last March between the fans from the two clubs that left an Ajax fan dead, the rivalry has become too volatile to risk allowing the fans to mix.

The ban is enforceable since Dutch soccer fans carry personalized club-member cards and must show them when purchasing their tickets. Fans barred from the matches will be able to watch the action live on giant screens in their own stadiums.

An Ajax spokesman said the system would not be "100 percent solid," but showed that "the two clubs are working together." *(AP)*

Chang Rallies to Defeat Rafter

U.S. Takes a 1-0 Lead Over Aussies; Sweden and Italy at 1-1

Compiled by Our Staff From Dispatches

WASHINGTON — Michael Chang, avenging one of the most difficult losses of his career, used his superior fitness to wear down Patrick Rafter of Australia and win 6-4, 1-6, 6-3, 6-4 on Friday to give the United States a 1-0 lead in the semifinals of the Davis Cup.

After losing eight of nine games to go down 0-2 in the third set, Chang rallied to win 10 of the next 12 games as the U.S. Open champion Rafter showed visible signs of fatigue and frustration.

Rafter was also plagued by nine double faults and was rattled at least once by the chanting, partisan American crowd in a match that last just over three hours.

Rafter, who beat Chang in straight sets in the U.S. Open semifinals, carelessly netted an easy forehand volley that would have given him a 40-0 lead at 1-1 in the fourth set. Later in the game, the serve-and-volley specialist received a warning for racket abuse after he was unable to return another of Chang's precision passing shots. Chang eventually won the game in what proved to be the pivotal break in the final set.

Chang's trademark groundstroke accuracy had deserted him during the second set, but he finished off the third with a superb backhand passing shot down the line after Rafter had — again — approached the net on Chang's serve. A perfect lob capped a four-deuce game to break Rafter and make it 4-1 in the fourth, and back-to-back aces clinched the match after Rafter had saved three match points.

Friday's second match paired two of the hardest servers in the game, Pete Sampras and Mark Philippoussis. The doubles match is Saturday, then Sunday it will be Sampras against Rafter and Chang taking on Philippoussis in the reverse singles of the best-of-5 competition. The winner will face either Italy or Sweden in the finals in late November. Sweden and Italy are tied 1-1 after today's singles.

The Australia-U.S. match is the first in Davis Cup history to feature the world's top three singles players — Sampras, Chang and Rafter — as well as the top-ranked doubles team — Todd Woodbridge and Mark Woodforde of Australia. It also continues the most storied rivalry in the tournament's history: Australia's 26 Davis Cup titles are second only to the United States' 31. It is also the first Davis Cup match to be played in Washington.

DAVIS CUP SEMIFINALS

The boisterous nature of the Davis Cup crowd played a part in the key break in the first set of the Chang-Rafter match. At 3-3 and 0-30, Rafter was bothered by something said in the crowd as he prepared to serve. He then hit his second consecutive double fault, got the umpire to issue a warning to the crowd, and lost the game to love when a weak second serve was returned with interest by Chang.

In the other semifinal, in Norrkoping, Sweden, Jonas Bjorkman of Sweden won a hard-fought five-set match against Omar Camporese of Italy.

Bjorkman wore down Camporese, 6-7 (5-7), 6-3, 6-2, 3-6, 6-3. Then, Renzo Furlan upset Thomas Enqvist, 3-6, 6-3, 6-4, 3-6, 6-3 to even the semifinal.

It was the first of a tough three days for Bjorkman, who will play every day in the best-of-five series.

Bjorkman, 25, is used to tough Davis Cup weekends. He also played three matches in the quarterfinals against South Africa, including 10 sets in the doubles and the last singles.

On Saturday, Bjorkman will team with Nicklas Kulti against Diego Nargiso and Camporese in the doubles, although both non-playng captains can change their pairs up until one hour before the match starts.

In Sunday's reverse singles, Bjorkman starts against Furlan. Enqvist will close the tie against Camporese.

Enqvist, whose season has been plagued by injuries and illness, didn't drop a set to Furlan in their two previous matches, the last one in the 1996 Australian Open.

Bjorkman is enjoying his finest year as a singles player. He was a semifinalist in the U.S. Open earlier this month, losing to eventual winner Patrick Rafter of Australia. Bjorkman also reached the U.S. Open doubles final with Kulti.

Sweden has not faced Italy in the Davis Cup since 1990, when Paolo Cane upset Mats Wilander in a five-setter for the decisive point to snap Sweden's streak of seven straight final appearances.

Sweden lost to France in last year's final.

■ Sanchez Vicario Is Victorious

Arantxa Sanchez Vicario dropped and broke her racket on a key serve but struggled back to a 6-3, 7-5 victory Friday over Chinese qualifier Li Fang, advancing to the semifinals of the Toyota Princess Cup tennis tournament, The Associated Press reported from Tokyo.

Top-seeded Monica Seles didn't stay on court long enough for much to go wrong. She beat No. 8 Natasha Zvereva of Belarus, 6-1, 6-0 in 45 minutes, and explained later: "It was so windy today I hoped the match wouldn't go too long. It was very difficult to play."

Naoko Sawamatsu, hitting some spectacular shots at a full sprint, gave host Japan something to celebrate by upsetting No. 3 Conchita Martinez of Spain, 7-6 (7-4), 6-4, in a nearly two-hour battle.

The racket slipped from Sanchez Vicario's hand as the No. 2 seed served at 4-all and 15-40 in the second set. Li hit back an easy forehand return that the Spanish player could only kick.

But then leading 5-4, Li couldn't cash in on any of her three set points and lost the game after six deuces. Sanchez Vicario saved two break points for a 6-5 lead and broke Li again.

In Saturday's semifinals, she meets No. 5 Yayuk Basuki of Indonesia, a 7-5, 6-3 winner over Kimberly Po, the fourth seed. Sanchez Vicario said sweat and the humid conditions caused her to let the racket slip and crash hard into the court. "It fell, I lost the point, and I broke the racket," she said.

"Fortunately it doesn't happen too often."

Bazuki Enqvist/The Associated Press

Jonas Bjorkman of Sweden smashing a return against Omar Camporese of Italy in the Davis Cup semifinals on Friday. Bjorkman won in 5 sets.

Ravens Might Excel on First Down, but Then?

By Thomas George
New York Times Service

Baltimore (2-1) at Tennessee (1-1) Watch the Ravens on first down. Quarterback Vinny Testaverde has huge numbers there (70.4 percent completion percentage, 455 passing yards, four touchdowns, two interceptions and a 105.1 quarterback rating). The problem for Baltimore in this game is what does it do on second and third downs? Tennessee has six sacks in two games. How the Ravens contain running back Eddie George is critical to the outcome. *Prediction: Oilers, 27-17.*

Oakland (1-2) at N.Y. Jets (1-2) After two close, painful losses, the Raiders managed to pull out a victory in Atlanta last week and they look for more success against a team trying to recover from an emotionally draining defeat last Sunday night in New England. This game should be full of big plays because both teams have deep threats on offense on the ground and in the air. *Jets, 23-20.*

Detroit (2-1) at New Orleans (0-3) The Saints' defense has been the best in the league at containing running back Barry Sanders. But that was primarily accomplished when New Orleans featured rugged defensive players like Sam Mills and Rickey Jackson. Neither is a Saint any longer. And there is little saintly about the New Orleans defense or offense. *Lions, 23-17.*

Minnesota (2-1) at Green Bay (2-1) Minnesota has won both of its road games, but this week it is playing in a place (Lambeau Field) where the Packers have won 17 in a row and 26 of 27. Make it 18 and 27 of 28, as the Packers work hard to find the rhythm of their Super Bowl season a year ago. By the way, Packers quarterback Brett Favre needs just two touchdown passes to pass Bart Starr's 152 for the most in team history. *Packers, 26-10.*

NFL MATCHUPS

Chicago (0-3) at New England (3-0) The Bears were embarrassed at home last week by Detroit, 32-7. Rick Mirer takes over for Erik Kramer in coach Dave Wannstedt's attempt to spark his team and reverse its fortunes. A tough task, especially on the road against the AFC's defending champion and a team that wins nearly every matchup. *Patriots, 37-13.*

Kansas City (2-1) at Carolina (2-1) The Chiefs' offense looked to be in deep trouble in its listless season-opening loss at Denver, but, surprise, the Chiefs have turned their offense upside down in spirited victories over the Raiders and Bills. The Chiefs' defense has done its part, too, allowing opponents only three touchdowns in 11 trips inside the 20 (a low 27.3 percent success rate for opponents that is third best in the AFC). *Chiefs, 13-10.*

Cincinnati (1-1) at Denver (3-0) The defenses are good enough for this game to be low-scoring, but the offenses are stellar enough to more likely make it a shoot-out. Two of the league's most mobile and accurate deep-throwing quarterbacks will be trading shots (Jeff Blake for Cincinnati, John Elway for Denver). Denver seeks its third 4-0 start in club history. *Broncos, 24-10.*

Indianapolis (0-3) at Buffalo (1-2) Colts quarterback Jim Harbaugh leads the AFC in completion percentage (65.5) but the Colts have little to show for it. Their offense — with dangerous weapons that include back Marshall Faulk and receivers Sean Dawkins and Marvin Harrison — has become its own worst enemy, the victim of a porous offensive line. But this team has immense pride and, with any production from its offensive line, is capable of the upset. *Colts, 16-14.*

San Diego (1-2) at Seattle (1-2) Seattle is fresh from a 31-3 drubbing of the Colts and has finally begun to look like the improved team most people expected. Playing at home against a Chargers team still trying to find its way under a first-year coach, Kevin Gilbride, should give Seattle high hopes. *Seahawks, 30-17.*

Atlanta (0-3) at San Francisco (2-1) The Falcons have been competitive under coach Dan Reeves but not yet sound enough to win. The 49ers, reeling on opening day after the loss of Jerry Rice, have regrouped and appear headed toward a solid season. Quarterback Steve Young won his 70th game as a starter last week. The 49ers lacking full strength are still too much for Atlanta. *49ers, 28-10.*

Giants (1-2) at St. Louis (1-2) All of the other NFC East teams have byes this week. The Giants carry the flag alone and are fuming over their late collapse against Baltimore last week. They clash with a team still trying to find its identity, and usually that search is a lot easier to conduct at home. So watch running back Lawrence Phillips and a St. Louis secondary that leads the league in interceptions with seven. *Rams, 26-20.*

Miami (2-1) at Tampa Bay (3-0) This battle of Florida means plenty to the Dolphins coach, Jimmy Johnson. He has never lost a road or neutral-site game in Florida (1-0 in the NFL, 6-0 at the University of Miami). Will the Dolphins quarterback, Dan Marino, have time to throw against this rush? That is the key element. And the answer is no. *Buccaneers, 17-14.*

Pittsburgh (1-1) at Jacksonville (2-0) This is Jacksonville's first Monday night game, and its fans and its players will truly enjoy the spotlight. Jacksonville is deserving, after reaching the AFC championship game last season and after starting fast this season. The Jags will not let this opportunity slip away. *Jaguars, 19-17.*

Zulle Keeps Lead; Tonkov Wins Stage

Reuters

VALGRANDE PAJARES, Spain — Alex Zulle clung to his lead in the Tour of Spain in the grueling 13th stage on Friday, but his Swiss compatriot, Laurent Dufaux, cut his advantage in the 196-kilometer (121-mile) leg from Ponferrada, which took the race over three mountains.

Dufaux snatched third place, 53 seconds behind Pavel Tonkov of Russia, who celebrated the birth of his son, Nicholas, with a victory in the stage.

Dufaux earned a deduction of four seconds from his overall time, closing to within 32 seconds of Zulle, who finished sixth behind Fernando Escartin of Spain.

Tonkov's fifth victory of the year was special. Although he won the 1996 Tour of Italy and finished second this year, the Russian struggled with a stomach virus in this race, losing 36 minutes on the leaders.

"I am not in peak condition but my motivation was to win because I became a father two days ago," Tonkov said. "I offer this victory to my wife and our son."

Tonkov overhauled Jose Jimenez of Spain and covered the final four kilometers on his own with the contenders apparently content to watch each other.

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There are only two more legs to go in the Long Range Air Race before it finishes in Izmir on Saturday.

Amman, September 18
All the teams flew "off-race" between Tel Aviv and Amman today. Everyone enjoyed the flight over Jerusalem, the Jordan river valley and Amman, minus the pressures of racing. On arrival at Marka Airport, His Royal Highness Prince Faycal, King Hussein's son, personally greeted the pilots. The organizers have decided to dedicate tomorrow's leg to Sherif Rakan Gazi, the Jordanian pilot who won the Malaysia International Air Race in 1990 with Captain Eric Ledger, and who was killed while flying aerobatics two years later.
The pilots are now preparing for the two final legs: Amman-Trabzon and Trabzon-Izmir. The "Young Turks" feel quite confident in their Cessna Citation Jet and know that they will have an advantage in flying over their own country.
Their competitors in the "Dream Team" will not concede easily, however. In Group One, the efficient German flying machine "Rectimo" is forging ahead slowly, while the Italian team slowly falls further behind. The British team in "Wellesbourne House" clocked in good time on the inbound leg to Israel, but needs to do better to beat "Go Johnny Go" and "Kona Wind" in Group Two.
The four favorites so far are "Rectimo", "Go Johnny Go", "Dash Ten" and "Young Turks" in their respective classes, but there is always a chance of an upset in this kind of race.
Detailed results and technical explanations are available on the race Web site, where messages may be sent to organizers and competitors.

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Clemens Loses One To Boston

The Associated Press

Roger Clemens lost a chance to beat his former team when Jeff Frye's two-run single in the bottom of the ninth gave Boston a 3-2 victory over Toronto.

Clemens struck out 10 and allowed five hits in seven innings Thursday night, and Paul Quantrill pitched a scoreless eighth. Kelvin Escobar (3-2) struck out Reggie Jefferson to start the ninth, but Boston loaded the bases on Wilfredo Cordero's single, Troy O'Leary's walk and Scott Hatteberg's single.

Then Frye, who was 2-for-2 with a walk against Clemens, lined a single into the left-field corner past Jose Cruz Jr..

AL ROUNDUP

Mariners 6, Rangers 3 Roberto Kelly hit a pair of two-run homers and Ken Griffey Jr. went without one for the second straight night as Randy Johnson and Seattle beat host Texas.

The Mariners increased their AL West lead to six games over Anaheim. Seattle's magic number for eliminating the Angels dropped to four.

Orioles 4, Brewers 3 Mike Bordick homered and made a key defensive play as host Baltimore beat Milwaukee to move a step closer to the East Division title.

The victory, combined with the New York Yankees' loss to Detroit, cut the Orioles' magic number to win the division to five.

Tigers 9, Yankees 7 Damion Easley's two-run single in the 11th inning prevented host New York from clinching a third straight postseason berth as Detroit beat the Yankees.

Indians 4, Twins 1 Orel Hershiser rebounded from his worst outing of the year, giving up three hits in 7⅓ innings as visiting Cleveland beat Minnesota to move a season-best 14 games over .500. Cleveland dropped its magic number for clinching the Central Division to six.

Athletics 7, Angels 3 Scott Brosius doubled twice and drove in three runs to lead visiting Oakland past Anaheim, preventing the Angels from completing a 12-game season sweep of the Athletics.

White Sox 9, Royals 2 Doug Drabek took a no-hitter into the sixth and Robin Ventura hit his 150th career homer.

Ray Stubblebine/Reuters

Yankee shortstop Derek Jeter forcing out Deivi Cruz of the Tigers on the way to completing a double play.

Giants Sweep Dodgers To Snatch Tie in West

The Associated Press

Brian Johnson hit a leadoff home run in the bottom of the 12th inning, and the San Francisco Giants, bolstered by another homer from Barry Bonds, defeated Los Angeles, 6-5, to sweep a two-game showdown and tie the Dodgers atop the NL West.

Johnson connected for his 10th home run on the first pitch from Mark Guthrie (1-4), the Dodgers' seventh pitcher of the game Thursday night.

Bonds hit his 35th homer, a three-run shot, in the fifth.

Cubs 4, Cardinals 3 In Chicago, Steve Trachsel, who has given up more homers than any pitcher in the National League, slowed down Mark McGwire's chase of Roger Maris as the Cubs beat St. Louis.

McGwire, the major league home-run leader with 53, eight behind Maris's record 61 set in 1961, went 2-for-5. He had a single and two fly outs against Trachsel before striking out on three pitches from the reliever Marc Pisciotta in the eighth.

Marlins 8, Phillies 2 Kevin Brown won his sixth consecutive decision, and the host Marlins reduced the magic number to five for clinching their first playoff berth by beating Philadelphia.

Padres 7, Rockies 6 Greg Vaughn and Ken Caminiti hit solo homers, and host San Diego beat Colorado, surviving three late Rockies homers and getting the final out in a play at the plate.

Ellis Burks hit a two-run homer, his 29th, that brought the Rockies within one. Singles by Larry Walker and Todd Helton put runners on first and third with one out. Vinny Castilla flied out to left fielder Chris Jones, who threw out Walker at the plate trying to score the tying run.

NL ROUNDUP

Pirates 12, Astros 3 In Pittsburgh, Francisco Cordova kept the Pirates alive in the Central Division, running his hitless innings streak against Houston to 15 before giving up two runs.

The Pirates cut Houston's division lead to 3½ games — just as it was before the two-game series began — and kept the Astros' magic number at seven. Houston has 10 games left and Pittsburgh has nine.

Braves 11, Mets 4 The host Braves battered the Mets' pitching for the second night in a row, getting homers from Chipper Jones and Michael Tucker and three more hits from Ryan Klesko.

Reds 6, Expos 3 Willie Greene broke out of a season-long slump against Montreal with three hits, and Lenny Harris had a two-run infield single as host Cincinnati beat the Expos. Montreal matched its season high with four errors as it lost for the fifth time in six games.

SPORTS

In This Globe-Circling Race, Modern Vikings Take to the Airwaves

International Herald Tribune

SOUTHAMPTON, England — The Vikings never imagined a force of such energy. Neither did the colonel nor the admiral when they conceived a round-the-world yacht race over a pint of beer 25 years ago.

The 10 boats may appear to be powered innocently by the wind when the seventh Whitbread Round the World Race for the Volvo Trophy begins Sunday. But the Vikings, the colonel and the admiral would be dazed if they were ever to realize that the real engines, built narrowly below deck of each 60-foot (18-meter) yacht, are modern broadcasting centers — fully integrated studios with uplinks to the satellites, the satellites that make the race go round.

There will be no special TV technicians on board to produce this show. It's no longer enough for each 12-member crew to be navigating 31,600 miles (50,560 kilometers), touching five continents, avoiding icebergs, surviving the most extreme changes of weather and forgoing baths or showers for up to 30 days at a time — the sailors themselves must now produce 50 words of text daily, plus a pair of 10-minute radio interviews and eight minutes of *edited* video each week. And if they don't meet deadline, there'll be hell to pay.

Vantage Point / IAN THOMSEN

"I will be in charge of the media," said Christen Horn Johannessen, a sailor aboard the Norwegian entry Innovation Kvaerner II. Johannessen, a descendant of the ancient Vikings, grew up learning to tie knots. He should have been studying Bergman. "They haven't told us for sure what the penalty will be," he said. "But they were talking about not giving the navigator some of the information he needs until they get the TV pictures that they need. We're just going to make sure they get the pictures each week."

Johannessen, 30, a district-level judge near Oslo when he isn't sailing the seven seas, said that his boat received the media equipment only 10 days earlier. He hasn't had time to learn how to use it. The boat might be flipping from side to side and he'll be down below, trying to understand the owner's manual as if he'd just bought a new video recorder. "But it all looks simple enough," he said optimistically.

"I don't know what the penalties will be, that's not for me to determine," Ian Bailey-Wilmot, the race director, said from his headquarters in southern England. "We've got 567 hours of TV going out worldwide from the race. We're doing weekly programs this time, rather than one program for each of the nine legs, and we need the footage from the boats to make sure the programming is good."

It seems that Leif Eriksson's vocation was zapped into another dimension during the 1987 America's Cup races at Perth, which made an international star of the winning American skipper Dennis Conner. "We changed the sport in Perth," Conner said. "You had a camera in your face the entire race. You also had a microphone on your lapel the entire race, so everything you said went straight out on a live feed. If I said, 'I have to go to the bathroom,' then 288 million people heard you say it.

"It's just part of the game. It's part of what you're paid for if you want to go sailing around the world for a living. With the costs rising you know there are certain things you have to do to get around the world successfully, and this is one of them."

Conner, 55, is co-skipper of the Toshiba entry in this race, but he wouldn't say whether he would accompany the team. His former America's Cup rival, the great Chris Dickson of New Zealand, has been hired as co-skipper to handle the daily sailing. Conner's responsibility is the bigger picture — wherever he's needed most, that's where he'll be. "There's a conflict with the Cape Town leg," he said. Instead of meeting the team after its opening 7,350-mile leg to South Africa, the world's most famous sailor said, "I may be at a computer show in Las Vegas for Toshiba."

This race was begun famously by Colonel Bill Whitbread, of the British brewing family, and Admiral Otto Steiner of the Royal Naval Sailing Association. Whitbread will end its sponsorship after the boats return to southern England next May 24. In four years it will be the property of Volvo, the Swedish car maker, which probably would not have been interested in its estimated $5 million rights purchase if not for the enhanced TV coverage of sailing.

"Think of the images you're seeing during this race," said Mel Pyatt, managing director of Volvo Event Management. "The backdrop of the southern ocean, the icebergs, the mountainous waves — the human spirit, the human endeavor of the crew — and then the graphics will say, 'Volvo Trophy.' Volvo will also be printed on the boom. To get that kind of brand enhancement, it gives a very strong image for Volvo."

Four of the boats and the future sponsor are from Sweden or Norway. Has the ancient Scandinavian spirit of exploration been reincarnated?

"Do you mean the Vikings?" Pyatt said with a small laugh. "No, that's never come up in any of our discussions."

Baseball Owners Powwow on Realignment but Postpone Decision

By Murray Chass
New York Times Service

ATLANTA — The magic number is 7. That's the number of teams baseball's planning strategists would ideally like to have change leagues in their quest to realign the major leagues for 1998.

The owners did not act on realignment on the final day of their quarterly meetings on Thursday. Instead, they postponed their self-imposed deadline to adopt a plan from Sept. 30 to Oct. 15.

John Harrington of the Red Sox, chairman of the realignment committee, said his group had six plans under consideration. A member of the committee said the plan of a 15-team switch was dead, and 7 was the target number. The key to achieving that number appeared to be persuading the Astros to move to the American League.

The Astros' owner Drayton McLane Jr. has said that while he would like to be in a division with the Texas Rangers, he does not want to move.

He reiterated that position after the meeting Thursday.

"Houston has been in the National League since 1962," he said.

"We have strong ties and sentiments in the National League. We feel that's an important part of our franchise. We're not a candidate."

But if the planners want the Astros to move, they will likely offer a financial inducement. Compensation became a topic of conversation during the meetings, and Harrington said it was possible the Giants could be compensated for any possible economic loss as a way of overcoming their objection to having the Athletics join them in the NL.

Oakland, Anaheim and Seattle are prepared to switch to the National, and Kansas City and Milwaukee have indicated similar interest, the Royals to be in a division with St. Louis, the Brewers to be with the Cubs.

Montreal and Florida are the two NL teams that would accept a move to the AL. Philadelphia previously expressed a willingness to join them, but Thursday, the Phillies' chairman Bill Giles said the club planned to stay where it was.

The move of the three AL West Coast teams would create two four-team divisions made up of all of the major leagues' eight western teams. Except for Peter Magowan of the Giants, the owners like that part of the realignment plan.

If the Astros agreed to move — any team asked to change leagues has veto rights — the major leagues could look like this next season:

NATIONAL LEAGUE
EAST — Mets, Braves, Phillies, Pirates.
CENTRAL — Reds, Cubs, Cardinals, Royals (or Brewers).
WEST I — Dodgers, Padres, Giants, Rockies.
WEST II — Angels, Athletics, Mariners, Diamondbacks.

AMERICAN LEAGUE
EAST — Yankees, Red Sox, Orioles, Blue Jays, Marlins.
CENTRAL — Indians, Tigers, Devil Rays, Expos.
MIDWEST — White Sox, Twins, Rangers, Astros, Brewers (or Royals).

Is Iverson Staying In the Fast Lane?

The Associated Press

PHILADELPHIA — The Philadelphia 76ers' star point guard, Allen Iverson, was a passenger in a car that police stopped for going 99 miles per hour (158 kilometers per hour), according to local reports Friday.

Last month, Iverson was placed on three years' probation after riding in a speeding car and being charged with weapons and marijuana violations. Being a passenger in another speeding car would not necessarily mean Iverson had violated any laws or his probation terms

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
y-Baltimore	93	59	.612	—
New York	88	64	.579	5
Detroit	75	77	.493	17½
Boston	75	78	.490	18
Toronto	71	81	.467	22
CENTRAL DIVISION				
Cleveland	82	68	.547	—
Chicago	75	77	.493	8
Milwaukee	74	76	.493	8
Kansas City	61	89	.407	21
Minnesota	61	90	.404	21½
WEST DIVISION				
Seattle	85	68	.556	—
Anaheim	79	74	.516	6
Texas	72	81	.471	13
Oakland	62	91	.405	23

y-clinched postseason berth

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
y-Atlanta	95	57	.625	—
Florida	89	63	.586	6
New York	82	71	.536	13½
Montreal	75	77	.493	20
Philadelphia	62	91	.405	33½
CENTRAL DIVISION				
Houston	77	75	.507	—
Pittsburgh	74	79	.484	3½
Cincinnati	70	82	.461	7
St. Louis	70	82	.461	7
Chicago	65	88	.425	12½
WEST DIVISION				
Los Angeles	84	69	.549	—
San Francisco	84	69	.549	—
Colorado	78	75	.510	6
San Diego	73	80	.477	11

THURSDAY'S LINESCORES

AMERICAN LEAGUE

Oakland	000	050	002	—7	9	2
Anaheim	001	001	010	—3	9	1

Telgheder, Groom (6), Taylor (7), T. J.Mathews (9) and Mayne; Dickson, DeMay (5), Cadaret (9), P. Harris (9) and Tomer, Kreuter (5). Encarnacion (9). W—Telgheder 4-5. L—Dickson 13-8.

Toronto	000	100	100	—2	9	0
Boston	000	010	002	—3	9	0

Clemens, Quantrill (8), Escobar (9) and O'Brien; Wakefield, Corsi (9) and Hatteberg. W—Corsi 4-2. L—Escobar 3-2. HR—Toronto, O'Brien (4).

Chicago	200	120	040	—9	14	0
Kansas City	000	000	110	—2	6	1

Drabek, McElroy (8), J. Darwin (9) and Fabregas; Pittsley, J.Walker (7), Olson (8), Bevil (9) and Mt.Sweeney, A. Stewart (9). W—Drabek 11-11. L—Pittsley 4-8. HRs—Chicago, Ventura (6), Kansas City, J. Bell (21).

Cleveland	000	001	201	—4	11	0
Minnesota	000	000	010	—1	4	1

Hershiser, M. Jackson (8) and Borders; Tewksbury, Swindell (8), Naulty (9), Trombley (9) and Steinbach. W—Hershiser 14-6. L—Tewksbury 6-13. Sv—M. Jackson (15).

Milwaukee	000	012	000	—3	9	1
Baltimore	001	210	00x	—4	7	0

Karl, Fetters (6), Davis (7), Wickman (8) and Matheny; Levis (8); Mussina, Orosco (7), A. Benitez (7), Ra.Myers (9) and Hoiles. Webster (8). W—Mussina 15-7. L—Karl 10-13. Sv—Ra.Myers (43). HRs—Milwaukee, Dr.Jackson (5). Baltimore, Bordick (6).

Seattle	200	210	010	—6	9	2
Texas	100	000	200	—3	10	0

Ra.Johnson, Ayala (8) and Da.Wilson; D.Oliver, Moody (5), Te.Clark (8), Bailes (8), Whiteside (9) and H. Mercedes, K. L.Brown (9). W—Ra.Johnson 18-4. L—D.Oliver 12-12. Sv—Ayala (8). HRs—Seattle, Sorrento (30), R. Kelly 2 (10).

Detroit	001	302	001	02	—9	15 2
New York	000	400	010	00	—7	12 1

Keagle, Sager (4), Brocail (8), To.Jones (9), Alicea (11) and Walbeck; Jensen (9), Casanova (10) Ka.Rogers, Irabu (7), M. Rivera (9), Borowski (10) and Posada. W—Te.Jones 4-3. L—Borowski 0-1. Sv—Alicea (3). HRs—Detroit, Nevin (8). New York, Be.Williams (20).

NATIONAL LEAGUE

St. Louis	000	000	003	—3	9	2
Chicago	028	002	00x	—4	10	0

S.Lowe, Bautista (4), Painter (5), Reggio (7) and Marrero; Trachsel, Patterson (7), Plesac (8), T. Adams (9) and Houston. W—Trachsel 8-11. L—S. Lowe, 0-2. HR—St. Louis, Marrero (1).

Los Angeles	100	002	200	000	—5	15 1
S. Francisco	100	130	000	001	—6	12 1

Candiotti, D. Reyes (5), Dreifort (6), Radinsky (7), Osuna (9), Te.Worrell (10), Guthrie (12) and Piazza; Mulholland, Tavarez (7), R.Hernandez (7), D. Henry (8), Beck (10) and B. Johnson. W—Beck 6-4. L—Guthrie 1-4. HRs—Los Angeles, Nixon (1). San Francisco, Bonds (35), Snow (26), B. Johnson (10).

Philadelphia	100	000	001	—2	10	1
Florida	150	000	02x	—8	15	1

Mi.Grace, R. Harris (3), Blazier (5), Ryan (7), Gomes (8) and Lieberthal; K.J.Brown, Nen (9) and Zaun. W—K. J.Brown 15-8. L—Mi.Grace 3-2.

Colorado	100	000	032	—6	11	0
San Diego	010	100	50x	—7	8	2

R.Bailey, Holmes (7), S. Reed (7); DeJean (8) and Je.Reed, Manwaring (7); Menhart, D. Veres (7), Ti.Worrell (8), Kroon (8), H.Murray (8), Cunnane (8), Hoffman (9) and Flaherty. W—Menhart 2-2. L—R. Bailey 9-10. Sv—Hoffman (36). HRs—Colorado, Burks (29), L.Walker (48), Galarraga (39) San Diego, Caminiti (24), G. Vaughn (16).

Houston	000	011	010	—3	5	4
Pittsburgh	300	113	04x	—12	12	0

Kile, Magnante (6), R. Springer (6), Lima (8), T. Martin (8) and Eusebio; F.Cordova, Wallace (7), M. Wilkins (8), Rincon (8), Loiselle (9) and Kendall. W—F. Cordova 11-8. L—Kile 18-7. HR—Houston, Spiers (4).

Montreal	001	100	010	—3	8	4
Cincinnati	003	100	11x	—6	12	0

Hermanson, Kline (7), D. Veres (8), DeHart (8) and Widger; Schourek, Sullivan (5), Shaw (9) and J. Oliver, Taubensee (9). W—Sullivan 3-3. L—Hermanson 8-6. Sv—Shaw (39). HR—Montreal, Segui (19).

New York	040	000	000	—4	4	0
Atlanta	204	110	02x	—11	17	2

Isringhausen, R. Jordan (4), Kashmada (7), Rojas (8) and Pratt; Byrd, Lightenberg (6), Clontz (7), Cather (8), C. Fox (9) and J.Lopez. Spehr (9). W—Byrd 4-3. L—Isringhausen 2-2. HRs—Atlanta, Ch.Jones (21), Tucker (12).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	75	45	2	.625	—
Yokohama	65	54	—	.546	9.5
Hiroshima	61	58	—	.513	13.5
Yomiuri	55	68	—	.447	21.5
Hanshin	54	67	1	.446	21.5
Chunichi	52	70	1	.426	24.0

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	69	49	3	.585	—
Orix	61	52	3	.540	5.5
Kintetsu	60	59	4	.504	9.5
Daiei	56	62	1	.475	13.0
Nippon Ham	56	67	1	.455	15.5
Lotte	51	64	2	.443	16.5

FRIDAY'S RESULTS

CENTRAL LEAGUE

Yakult 9, Yokohama 1
Hiroshima 3, Yomiuri 2

PACIFIC LEAGUE

Lotte 4, Seibu 3.

BASKETBALL

EUROLEAGUE

GROUP A
Efes Pilsen Istanbul 67, Olympiakos 70
GROUP B
Porto 71, PAOK Salonika 88
GROUP C
Pau-Orthez 94, Barcelona 95
Partizan Belgrade 95, Ulker Istanbul 86
GROUP D
Cibona Zagreb 78, Olimpija Ljubljana 72.

TENNIS

DAVIS CUP

ASIA-OCEAN ZONE GROUP 1 PLAYOFFS

Oleg Ogorodov, Uzbekistan, def. Byron Jui'nio, Philippines, 6-3, 6-3, 6-0; Dmitry Tomashevich, Uzbekistan, def. Joseph Lizardo, Philippines, 4-6, 6-2, 6-2, 7-5.

Uzbekistan leads best-of-five tie 2-0

EURO-AFRICAN ZONE GROUP 1 PLAYOFF

Andrey Medvedev, Ukraine, def. Kornel Bardoczky, Hungary, 6-2, 6-2, 6-2; Attila Savolt, Hungary, def. Andrey Ribalka, Ukraine, 6-4, 6-2, 2-6, 6-2.

Hungary 1, Ukraine 1

WORLD GROUP
SEMIFINAL

Jonas Bjorkman, Sweden, def. Omar Camporese, Italy, 6-7 (5-7), 6-3, 6-2, 3-6, 6-3; Renzo Furlan, Italy, def. Thomas Enqvist, Sweden, 3-6, 6-3, 6-4, 3-6, 6-3.

Sweden 1, Italy 1

QUALIFYING

Alexander Volkov, Russia, def. Andrei Pavel, Romania, 6-3, 6-7 (5-7), 6-3, 6-2; Yevgeny Kafelnikov, Russia, def. Ion Moldovan, Romania, 6-4, 7-6 (9-7), 6-4.

Russia leads 2-0

Byron Black, Zimbabwe, def. Gilbert Schaller, Austria, 6-3, 6-2, 6-1; Thomas Muster, Austria, def. Wayne Black, Zimbabwe, 6-3, 6-0, 6-4.

Zimbabwe 1, Austria 1

Boris Becker, Germany, def. Luis Herrera, Mexico, 7-5, 6-2, 6-3; Marc-Kevin Goellner, Germany, def. Alejandro Hernandez, Mexico, 7-5, 6-3, 6-3.

Germany leads 2-0

TOYOTA PRINCESS CUP
FRIDAY, IN TOKYO
WOMEN
QUARTERFINALS

Arantxa Sanchez Vicario (2), Spain, def. Li Fang, China, 6-3, 7-5; Yayuk Basuki (5), Indonesia, def. Kimberly Po (4), U.S., 7-5, 6-3; Monica Seles (1), U.S., def. Natasha Zvereva (8), Belarus, 6-1, 6-0; Naoko Sawamatsu, Japan, def. Conchita Martinez (3), Spain, 7-6 (7-4), 6-4

DOUBLES
QUARTERFINALS

Park Sung-hee, South Korea, and Wang Shi-ting, Taiwan, def. Henrieta Nagyova, Slovakia, and Patty Schnyder, Switzerland, 6-3, 7-5; Naoko Kijimuta and Nana Miyagi (3), Japan, def. Rika Hiraki, Japan, and Kimberly Po, U.S., 2-6, 7-6 (7-3), 6-2;

Monica Seles, U.S., and Ai Sugiyama, Japan, def. Annabel Ellwood, Australia, and Tamarine Tanasugarn, Thailand, 1-6, 6-3, 6-2; Julie Halard-Decugis, France, and Chanda Rubin, U.S., def. Conchita Martinez, Spain, and Patricia Tarabini, Argentina (4), 7-5, 6-3.

SOCCER

EUROPEAN CUP WINNERS' CUP
FIRST ROUND, FIRST LEG

AEK Athens 5, Dinaburg Daugavpils 0
Apoel Nicosia 0, Sturm Graz 1
FC Copenhagen 3, Ararat Yerevan 0
AIK Stockholm 0, NK Primorje 1
Kocaelispor 2, National Bucharest 0
Slavia Prague 4, Lucerne 2
Germinal Ekeren 3, Crvena Zvezda 2
Nice 3, Kilmarnock 1
Hapoel Beersheba 1, Rada 4
Chelsea 2, Slovan Bratislava 0
Vicenza 2, Legia Warsaw 0
1B Vestmannaeyjar 1, VFB Stuttgart 3
Real Betis 2, BVSC Budapest 0
Boavista 2, Shakhtar Donetsk 3.

CYCLING

TOUR OF SPAIN

Leading placings in the 196 km, 13th stage from Pontarrada on Friday:

1, Pavel Tonkov, Russia, Mapei five hours, 10 minutes, two seconds
2, Jose Jimenez, Spain, Banesto, 32 secs behind
3, Laurent Dufaux, Switzerland, Latus, 53
4, Yvon Ledanois, France, GAN
5, Fernando Escartin, Spain, Kelme
6, Alex Zuelle, Switzerland, ONCE
7, Jose Urio, Spain, Estepona
8, Enrico Zaina, Italy, Asics
9, Carlos Contreras, Colombia, Flavia, all s.t.
10, Roberto Heras, Spain, Kelme, 1:02

OVERALL: 1, Zulle, 56 hours 36 minutes and 26 seconds; 2, Dufaux, 32 secs behind; 3, Escartin, 2:17; 4, Ledanois, 3:27; 5, Zaina, 4:02; 6, Marcos Serrano, Spain, Kelme, 4:52; 7, Heras, 5:02; 8, Daniel Clavero, Spain, Estepona, 6:24; 9, Gianni Faresin, Italy, Mapei, 8:13; 10, Philippe Bordenave, France, Casino, 9:07.

CRICKET

ZIMBABWE VS. NEW ZEALAND
FIRST TEST, 2D DAY
FRIDAY, IN HARARE, ZIMBABWE
Zimbabwe: 298
New Zealand: 91-3

INDIA VS. PAKISTAN
SAHARA CUP
THURSDAY, IN TORONTO
Pakistan: 182-6 (50 overs).

TRANSITIONS

FOOTBALL
NATIONAL FOOTBALL LEAGUE

ATLANTA —Re-signed OL Scott Adams.
MIAMI —Re-signed P Kyle Richardson.
PHILADELPHIA —Signed CB Tim McKyer to practice squad.
WASHINGTON —Released TE Chris Sanders.

HOCKEY
NATIONAL HOCKEY LEAGUE

CALGARY —Assigned RW Ravil Gusmanov and C Jeff Bes to Chicago, IHL.
CAROLINA —Sent C Ian MacNeil; LW Trevor Wasyluk; C Byron Ritchie; RW Shane Willis; LW Andrew Taylor; RW Ethan Philpott; D Hugh Hamilton; G Tripp Tracy; LW Mike Rucinski; D Ashlin Halfnight; LW Mike Morrone; C Tom Buckley; LW Kevin Boyd; C Brian Secord and D Sergei Fedotov to New Haven, AHL.
CHICAGO —Sent F Steve Tardif, F Eric Manlow, F Brian Felsner, F Petri Varis, F Nathan Perrott, F Ryan Huska, F Steve McLaren, F Eric Lecompte and D Marc Hussey, D Ryan Risidore, D Marty Wilford and G Marc Lamothe to Indianapolis Ice, IHL.
NEW JERSEY —Returned G Jean-Francois Damphousse, F Mathieu Benoit, F Glenn Crawford and F Curt Prudhomme to their junior teams. Returned D Henrik Rehnberg and D Jan Srdinko to their European teams.

THE WEEK AHEAD

SATURDAY, SEPT. 20

SOCCER, Almaty, Kazakistan — World Cup qualifying, Kazakistan vs. Uzbekistan.
HORSE RACING, Curragh, Ireland — Irish St. Leger.
CRICKET, Toronto — exhibition, fourth one-day international, Sahara Cup, India vs. Pakistan. Match 2: Harare, Zimbabwe — Zimbabwe vs. New Zealand, first test, through Sept. 22.
GOLF, Warwick, England — men, British Masters, through Sept. 21; San Antonio — men, LaCantera Texas Open, through Sept. 21; Canton, Massachusetts — women, Ping-Welch's Championship, through Sept. 21; Sapporo, Japan — men, Japan PGA, ANA Open, through Sept. 21; Indianapolis — men, U.S. Senior PGA Tour, Brickyard Crossing Championship, through Sept. 21; Inabe, Japan — women, Yukijirushi Ladies Takai Classic, through Sept. 21; Komatsu — men, Senior Tour, Komatsu Nagoya TV Open, through Sept. 21.
TENNIS, various sites — Davis Cup, World Group, semifinals, United States vs. Australia; Sweden vs. Italy; Qualifying Round: Zimbabwe vs. Austria; Brazil vs. New Zealand; India vs. Chile; Belgium vs. France; Germany vs. Mexico; Russia vs. Romania; Canada vs. Slovak Republic; Switzerland vs. Korea. Euro-African Zone Group 1, play-off: Israel vs. Morocco; Hungary vs. Ukraine. Third round: Portugal vs. Norway; Finland vs. Poland. Asia-Oceania Zone Group 1 play-offs: Uzbekistan vs. Philippines. Asia-Oceania Group 2 final: Lebanon vs. Iran in Zoukmikaël. American Zone Group 1 play-off: Argentina vs. Venezuela. American Zone Group 2 final: Colombia vs. Uruguay, Tokyo — women, WTA Tour, Nichinei Ladies Championships, through Sept. 21

SUNDAY, SEPT. 21

AUTO RACING, Zeltweg, Austria — Formula One, Austrian Grand Prix.
SAILING, Southampton, England — start of Whitbread Round the World Race, through May 24, 1998.
CRICKET, Toronto — exhibition, fifth one-day international, Sahara Cup, India vs. Pakistan. Match 2.

MONDAY, SEPT 22

TENNIS, Surabaya, Indonesia — women, Wismilak International, through Sept. 28; Bucharest, Romania — men, Romanian Open, through Sept. 28; Toulouse, France — men, Toulouse Grand Prix, through Sept. 28.

TUESDAY, SEPT. 23

TENNIS, Munich, Germany — men, Grand Slam Cup, through Sept. 28.

WEDNESDAY, SEPT. 24

SOCCER, various sites — World Cup qualifying, Europe, Group 2, Moldova vs. Georgia; Group 6, Malta vs. Czech Republic; Slovakia vs. Spain, Rome — Italian Cup, second round, second leg.

THURSDAY, SEPT. 25

GOLF, Charlotte, North Carolina — women, Fieldcrest Cannon Classic, through Sept. 28; Endicott, New York — men, B.C. Open, through Sept. 28; Nasu, Japan — men, Gene Sarazen Jun Classic, through Sept. 28.
CRICKET, Bulawayo, Zimbabwe — Zimbabwe vs. New Zealand, first test, through Sept. 29.

FRIDAY, SEPT. 26

GOLF, Salogrande, Spain — men, Ryder Cup, through Sept. 28; Milton, Florida — men, U.S. Senior PGA Tour, Emerald Coast Classic, through Sept. 28; Kurokawa, Japan — women, Japan LPGA, Miyagi TV Cup Ladies Open, through Sept. 28.
SOCCER, Doha, Qatar — World Cup qualifying, Asia, second round, Group A, Kuwait vs. Iran; Qatar vs. China.

SATURDAY, SEPT. 27

SOCCER, Tashkent, Uzbekistan — World Cup qualifying, Asia, second round, Group B, Uzbekistan vs. United Arab Emirates.
BOXING, Paris — Nate Miller, U.S., vs. Fabrice Tiozzo, France, 12-round bout for Miller's WBA cruiserweight title.

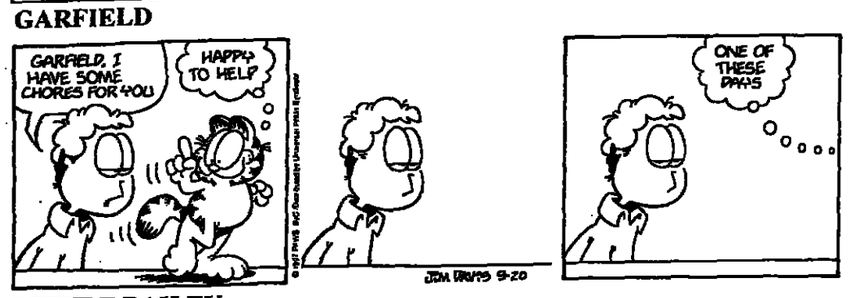
SUNDAY, SEPT. 28

ATHLETICS, Berlin, Germany — Berlin Marathon.
AUTO RACING, Nurburgring, Germany — Formula One, Luxembourg Grand Prix.
RUGBY LEAGUE, Sydney, Australia — ARL, Grand Final.
SOCCER, Tokyo World Cup qualifying, Asia, second round, Group B, Japan vs. South Korea.

DENNIS THE MENACE

PEANUTS

GARFIELD



CALVIN AND HOBBES

WIZARD of ID

BEETLE BAILEY

NON SEQUITUR

DOONESBURY

JUMBLE

Air One
LONDON/STANSTED
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BOOKING OFFICE
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DAVE BARRY

A Great Pet Until It Hatches

MIAMI — I don't mean to get all mushy here, but I want to tell you about Earl. Earl is my pet. I got him several months ago, at my 50th birthday party, which was a quiet and relaxed affair, in stark contrast to my 30th birthday party, which I am pretty sure is still going on somewhere.

Earl was given to me by my friend Carl Hiaasen, a Miami Herald columnist and book author. Carl does not write syrupy, romantic books; Carl writes the type of book wherein a key character has his left hand surgically replaced with a working weed whacker.

At my party, Carl, who was clearly embarrassed about making such a maudlin gesture, presented me with a Tupperware container bedecked with colorful ribbons. On the lid, written with a marking pen, was a date. "That's when it's supposed to hatch," said Carl.

"Hatch?" I said.

I opened the lid, and there, on a bed of moss, was an egg. Carl wouldn't tell me what kind of egg, because he wanted it to be a fun surprise. But you could tell it wasn't a baby chicken in there.

"When it hatches," said Carl, "it's going to want to eat."

"Eat WHAT?" I asked.

"You'll know," said Carl.

We named the egg Earl. I'm pretty sure Earl is a snake. I say this because Carl told me he got Earl from a guy named Joe, who is very active in the South Florida snake community. I met Joe at a party one evening in a nice suburban Miami home; we'd been chatting for a few minutes when Joe reached into his pocket, exactly the way a person might reach for a package of breath mints, and pulled out — I swear — a turtle with two heads.

"You don't see many of these," observed Joe.

"No," I said, brushing off my shirt where I had spat beer on it.

□

So anyway, now we have a suspected snake egg in the household. This fact does not sit well with a certain type of person, and when I say "a certain type of person," I am referring to my wife, Michelle. She believes that there should be no life form in the household that could not qualify for a Social Security card. She's even afraid of lizards, which are cute little rascals that you see everywhere here in South Florida, outside and inside, clinging to your walls and ceilings, showing off their physiques, sometimes engaging in explicit sex acts and then smoking tiny lizard cigarettes. "It's Always Spring Break," that is the lizard motto.

The other day I found a lizard in our fax machine. I don't know what he was doing; maybe he was trying to transmit himself to some other household where he had heard there were some hot lizard babes.

Anyway, Michelle saw this lizard and went sprinting into the bathroom and closed the door; she would not come out until I had shooed it onto the floor and out the door, which is not easy because lizards move at just above the speed of light, so you have to lunge around your living room like a water buffalo chasing a gnat, a scene that always draws hearty chuckles from the lizards on the ceiling.

The point is that Michelle hates lizards, and she REALLY hates snakes. Many women feel this way. Several months ago we had a houseguest named Bonnie who is, like Michelle, a sportswriter. Bonnie was staying in our little guest cottage, and one morning she came sprinting into the house, ashen-faced, to report that (1) she thought she had seen a snake go into the cottage, and (2) she was not going into the cottage ever again, even if this meant abandoning her luggage. Michelle totally agreed with this decision. These are two women who routinely ask critical questions of professional football players the size of construction equipment, but they insisted on remaining in the house and sending me, armed only with a broom, to find the snake.

We like Earl the way he is. He sits there and he's never a speck of trouble.

I laughed in a deep and manful voice. "You silly women!" I said. "It's just a snake!" Then, when I got inside the cottage, I minced around with only my toenails touching the floor, waving my broom like a madman, praying to a Higher Power to please please please let the snake not be there, which fortunately it was not, although Bonnie nevertheless checked out immediately and has not returned.

So considering the anti-snake stance of the household, it's pretty ironic that we wound up with Earl as a pet. He hasn't hatched yet, and he's past his due date. Carl says if Earl doesn't hatch, he (Carl) will give us a replacement.

But we don't want a replacement. We like Earl just the way he is. He sits on the dining table, in his beribboned container, and he's never a speck of trouble. If you feel down and need somebody to talk to, Earl is there. When we leave the house, we tell him, "Stay, Earl! Good boy!" and when we get home, he's right where we left him. Call me crazy, but I believe Earl and I have developed a bond. I believe that, if I got into some kind of trouble — say I was home alone and, while rummaging in the freezer for frozen yogurt, I got my hand trapped in the automatic ice-maker — I could yell, "Earl! Go get help, boy!" I could yell this until my arm froze off, and Earl would never get bored. He's a terrific listener.

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Paramount Pictures

In the campy film comedy "In and Out," Joan Cusack portrays a woman who learns that the man she is about to marry is secretly gay.

A Scene-Stealer Becomes a Leading Lady

By Pam Belluck
New York Times Service

CHICAGO — *So she doesn't get to kiss the leading man. So a man does.*

So she has to spend half the film in a cream puff of a wedding gown, one that the wardrobe staff had to keep letting out during filming, she said, so the real baby growing in her belly would not, as she put it, "be born with sequin imprints on his forehead."

Joan Cusack is perfectly happy all the same. After more than a decade of highly acclaimed, scene-stealing work as a supporting actress, after mugging for laughs as the leading lady's big-haired best friend ("Working Girl") or playing for squirms as the nurturing X-ray technician who romances the leading lady's teenage son ("Men Don't Leave"), Joan Cusack has become a leading lady herself.

The 34-year-old Cusack is playing her biggest role to date in "In and Out," a campy comedy in which Kevin Kline plays an English teacher in a small, straitlaced Midwestern town. Kline's star pupil wins an Oscar and happens to mention in his nationally televised acceptance speech something nobody is supposed to know — that his teacher is gay. (The film mirrors a real incident, in which Tom Hanks, in accepting an Oscar for "Philadelphia" in 1994, revealed that his high school drama teacher, Rawley Farnsworth, was gay.)

In the movie, which just opened in the United States, every character has a gloss of screwball stereotype. The screenwriter, Paul Rudnick, whose credits include "Jeffrey" and "Addams Family Values," says the device was intended to make sure that the film, the latest in a spate of gay-themed movies, did not become either a soap opera or a "politically ponderous" morality play.

Cusack, who auditioned several times for the role, plays Emily Montgomery, Kline's trusting, dieting-to-be-loved fiancée, who teaches in the same Indiana high school. "I'm an absolute Joan Cusack love slave," Rudnick said recently, in discussing her role in the film. "There was a sense of writing up to her level, giving her as much as possible to do. Joan also manages to make innocence comic. This is a very tricky part. She had to be a woman that had complete audience empathy. She could never appear foolish or stupid in any way, even though she was the last person in the world to know her fiancé was gay."

Indeed, it is a good part. She gets a long, sidesplitting scene in which she explodes with stunned anger after her fiancé admits, at the altar, that he is, in fact, gay. She gets to contort her elastic face into a wide-eyed deadpan one minute and then erupt in a theatrical frenzy the next, turning the voluminous wedding dress into her own comic sidekick as she sinks down in the middle of a road into a crazed white cloud or snags it in her car's automatic seat belts.

And she gets to utter a choice barnyard epithet in connection with Barbra Streisand, naturally her gay fiancé's favorite performer. "It's a sort of strong statement I make about her," Cusack said apologetically the other day in Chicago. As compensation, she offers up the fact that as a child, she adored Streisand's film "What's Up, Doc?" "I hope she understands."

Kline said he was impressed with her lack of self-consciousness. "She will try anything," he said. "She's not worried about being attractive at every moment. She looks stunningly gorgeous at times, but she can also twist her face up into great anguish. She's not cursed with being a glamour-puss."

Cusack said she was thrilled with what she described as a "sort of leading lady role" with "a couple of good juicy scenes." But what seems even more important for this well-regarded but not so famous actress (John, her younger brother, is the more celebrated face in the family) is that she managed to land the biggest part of her career without compromising what she considers the biggest parts of her life.

"I have a passion to be happy and balanced," said Cusack. "To have a life that's meaningful outside of work. An actor's life, you don't have to maintain relationships or figure things out. You're always traveling. You just hear about all these people, even great artists, and they just have terrible lives, and how do they live like that?"

Cusack wasn't always trying to achieve such balance. In her early 20s, she was playing small film roles and earning her comedic stripes as a regular on the 1985-86 season of "Saturday Night Live" (one memorable character was a coffee shop owner named Selena, who served Jell-O hot or cold). Soon she began to get larger comedy and character roles.

In "Broadcast News" (1987), Cusack was the production assistant who makes an acrobatic 11th-hour dash down a hallway to get a crucial film clip on the air. In "Working Girl" (1988), she was Melanie Griffith's best friend with purply-blue-green eye shadow and an equally unsubtle Nooo Yaawwk accent, a role that won her an Oscar nomination. In "Men Don't Leave" (1990), she played Jessica Lange's preternaturally self-possessed neighbor.

During the late 1980s, she also dug into stage acting and starred in the La Mama E.T.C. production of "Road," about poor people in Lancashire, England, and in "Cymbeline" at the New York Public Theatre. Then, in 1990, Cusack played an assistant district attorney in "My Blue Heaven," a comedy starring Steve Martin as a Mafioso stool pigeon in a witness protection program.

"I had a bad experience," she said. "That director, Herbert Ross, and I didn't seem to get along that well." She also realized she didn't like living away from home for so long during the filming.

"After that I was so miserable," she said. "I didn't feel like I'd ever be a leading lady."

Chicago became Cusack's answer.

"I decided I needed a stable place that was normal," she said.

DANCE

Theatre of Harlem Comes of Age: After Divisive Strike, a New Spirit

By Jennifer Dunning
New York Times Service

NEW YORK — Dance Theatre of Harlem, created nearly three decades ago to prove that black dancers could perform classical ballet, was always a company with a difference, a tight-knit family struggling together in a common mission. In January, that deeply ingrained sense of family was shattered by a strike that pitted the "children" against their "father," Arthur Mitchell, founder and director of the troupe.

But a new measure of self-awareness and growth resulted from that painfully divisive labor dispute. And that new spirit may be seen in the company's current season at Aaron Davis Hall at City College in a triumphant return to New York after a two-year absence, with a repertory and performances that critics have described as dazzling and distinctive.

"For me, it was a learning experience," Mitchell said recently. "I would never have cut the umbilical cord."

A casual visitor to the troupe's busy, light-filled headquarters might be forgiven for assuming that not much had changed. But the company has been hurt by declining government and private support for the arts. Though no programs have been abandoned, the company and its school have streamlined their staffs, which now total 26. And the company's 38 dancers are pitching in to help run the organization as their rehearsal and class schedules permit.

The family, Mitchell says, is now a "team." The defiant strikers of eight months ago, members of the American Guild of Musical Artists, have not capitulated in their insistence on being treated as autonomous adult professionals. They are proud of a settlement that gave them a 10 percent wage increase over the two years of the contract as well as a 30-hour workweek and a limit on apprentice dancers.

Dance is a profession whose rewards must be counted not only in wages, job security and good working conditions. Recognition is equally — if not more — important, whether it derives from the approval of artistic directors, audiences or critics. Dancers and their artistic directors also tend to have a more intense personal relationship than workers and managers in other fields.

The Harlem dancers are not alone in their partnership with management. The desire to help American Ballet Theatre survive financially in 1994 led its dancers to form a breakaway union in 1994, with givebacks from other unions.

The dancers had to grow up quickly during the strike, Eddie J. Shellman, a longtime principal dancer with the company, said of his newer colleagues. And as veteran dancers left over the years, only a handful were left to pass along the history and founding ideals of the company.

"In our generation, when Eddie and I were at the age these kids are now, Mr. Mitchell was also a young person," said Virginia Johnson, the company's prima ballerina. "We were doing this thing together, out of the blue. Learning together. He was Dad. We were the kids. It was fun and there were lots of great things about that atmosphere.

"But that got diluted as the company grew, and more and more dancers were not a part of that first family. It became more of a job than something you just loved. We knew we could sit down together around a table. A lot of the younger dancers did not have that direct relationship with Mr. Mitchell."

Sara Krulwich/The New York Times

Dancers Alicia Graf and Duncan Cooper in rehearsals.

PEOPLE

BOOKSHOPS at museums across Germany are refusing to sell a controversial new biography of **Johann Wolfgang von Goethe** that contends that the nationally revered poet was homosexual, the author said on Friday. The book entitled "Die Liebkosungen des Tigers" (*The Tiger's Tender Touch*) has sent shock waves through Goethe academia and sparked a dispute among literary scholars. The author, **Karl Hugo Pruys**, a writer and journalist who is best known for his acclaimed biography of **Chancellor Helmut Kohl**, said the Weimar Classics Foundation had initially agreed to sell the book but withdrew at the last minute. A spokeswoman for the foundation confirmed that it had decided against selling the book at its 23 museums. "Our boss read the book and decided it would not be suitable to sell in our bookshops," she said. Pruys denounced the decision as "self-censorship" and called it a "great insult" to him as a Goethe devotee.

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Two men have been arrested in London for defacing a portrait of the British child killer **Myra Hindley** created out of hundreds of imprints of children's hands. The Royal Academy's "Sensation" exhibition, which includes pornographic exhibits as well as art of dismembered torsos and severed limbs, has provoked a barrage of media and public criticism, but it was the Hindley portrait by the artist **Marcus Harvey** that stirred up most public anger. She was jailed for life in 1966 for a series of child murders.

David Gray/Reuters

LOW FLYING — Mathew Kettle, an animal handler at the Taronga Zoo in Sydney, holds aloft an eagle as part of the Free Flight Bird Show at the zoo.

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Jimmy Carter has recovered from an infection to his left knee caused by spider bite he received more than three weeks ago in Addis Ababa. He says his doctor told him he may resume his daily jog.

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Billy Bob Thornton's estranged wife has sued him, alleging he stalked and assaulted her during their four-year marriage. **Pietra Thornton** is seeking unspecified damages from the writer, director and star of the movie "Sling Blade."

Star Wars star Carrie Fisher presents a unique perspective on life in Tinsellown in Carrie on Hollywood

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